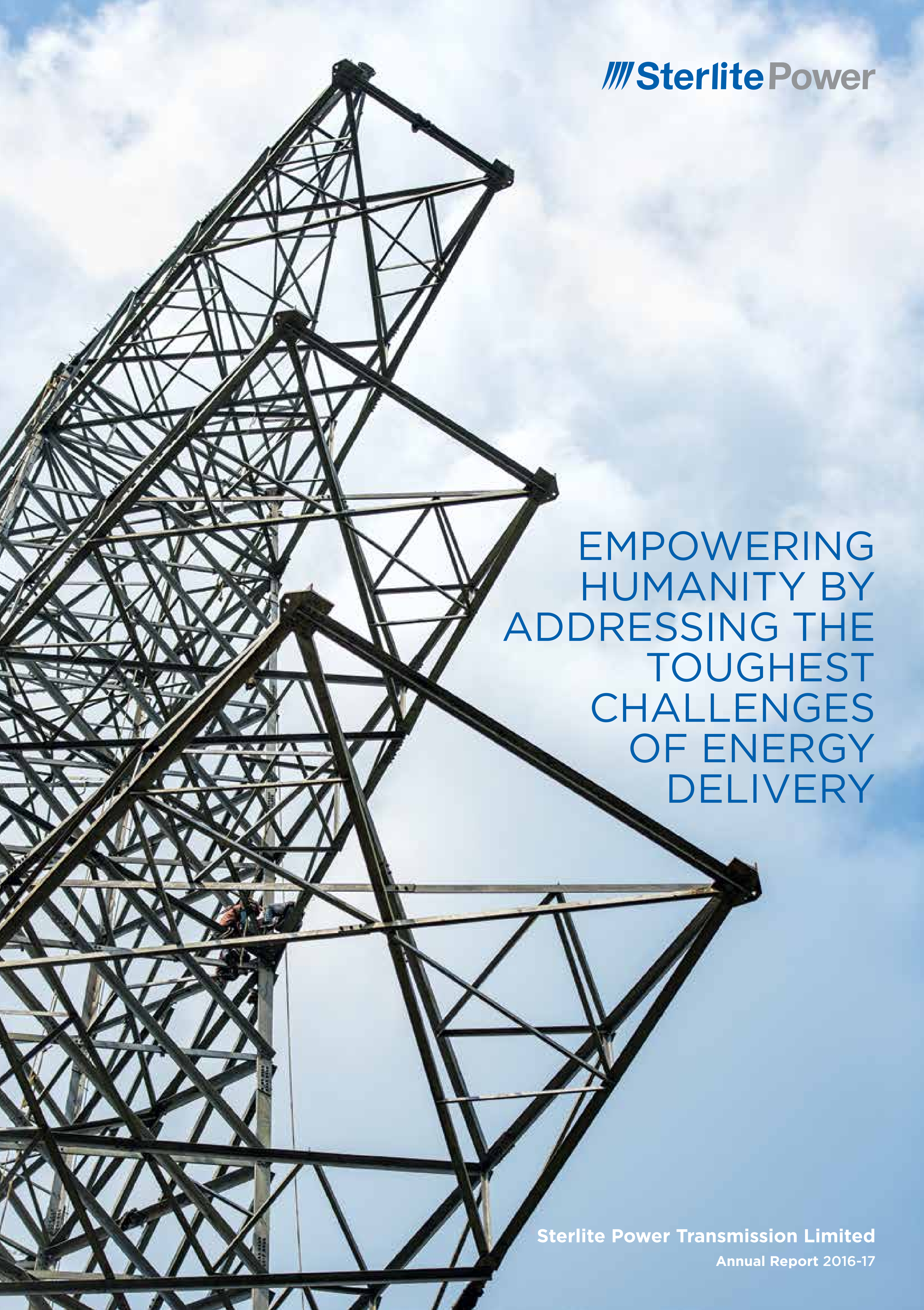


EMPOWERING HUMANITY BY ADDRESSING THE TOUGHEST CHALLENGES OF ENERGY DELIVERY

Sterlite Power Transmission Limited

Annual Report 2016-17

CONTENTS

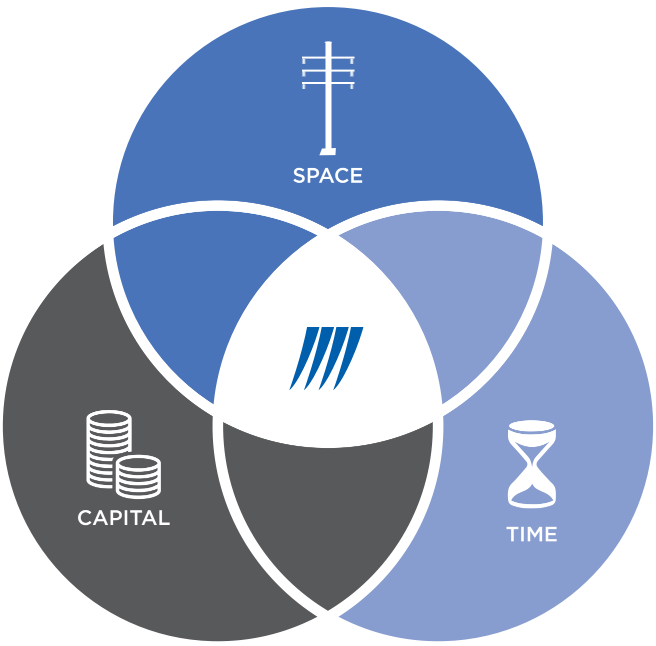
Forward Looking Statements:

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

EMPOWERING HUMANITY BY ADDRESSING THE TOUGHEST CHALLENGES OF ENERGY DELIVERY

Sterlite Power is India's leading integrated power transmission developer and solutions provider, focussed on addressing complex challenges in the sector by tackling the key constraints of **time, space** and **capital.**

The Government's vision of '24x7 Power for All', coupled with the rapid development of renewable generation capacity, requires transmission projects to be commissioned in a fraction of the conventional time frame, creating a time constraint. Urbanization, environment regulations and Right of Way (ROW) issues create a space constraint for power transmission projects. The scale of investment required to build transmission capacity to meet the country's power needs is significant, creating a capital constraint.



In our **Global Infrastructure Business,** we bid, design, construct, own and operate power transmission assets across multiple geographies. Given our expertise in project execution and our experience in leveraging cutting-edge technology, we have built a track record of commissioning projects ahead of schedule, addressing the key constraint of **time**. We help meet the industry's need for **capital** by implementing projects on a BOOM (Build Own Operate Maintain) basis and being at the forefront of financial innovation. This is demonstrated by the recent listing of IndiGrid, India's first power sector Infrastructure Investment Trust (InvIT).

In our **Solutions Business,** we provide bespoke solutions to solve complex problems for power utilities, specializing in upgrading, uprating and strengthening power delivery networks. These technology-intensive solutions enable our customers to plan network expansions despite challenges of ROW, environment regulations and urbanization, thereby addressing **space** constraints. We leverage our market leading manufacturing capability of conductors, cables and optical ground wire (OPGW), as well as our excellence in project delivery, to tackle the constraint of **time.**

Our Convergence Business operates at the confluence of the power and telecom sectors. We leverage our transmission infrastructure to roll out reliable communication networks, thereby advancing the Digital India mission.

We believe that electricity access transforms societies and delivers long lasting social impact. Sterlite Power is uniquely positioned to solve the toughest challenges of energy delivery located at the intersection of constraints around time, space and capital.

THE STERLITE POWER EDGE

Our differentiators enable us to address the three key constraints of time, space and capital for the power transmission sector.

TECHNOLOGY LEADERSHIP

We extensively leverage technology at every stage of the project – from planning to execution to maintenance - in order to achieve early commissioning and effective execution in difficult terrain.

- **Use of digital platforms for route planning, elevation models and resource optimization**
- **First Indian Company to use aerial technology such as heli-stringing and helicrane based tower erection**
- **Partnered with Sharper Shape, a Finnish company, to use LiDAR and Unmanned Aerial Vehicles (UAVs) for automated inspection and data analytics**

SOLUTIONING EXPERTISE

Our design and engineering capabilities coupled with our technology leadership, gives us the ability to understand customer needs and develop technology-intensive bespoke solutions to solve complex problems stemming from time, space and capital constraints. Our capabilities enable us to take on complex projects involving upgrading, uprating and strengthening existing power delivery networks.

- **India's first OPGW manufacturer and solutions provider**
- **Working with Kerala's state utility to enhance capacity of existing transmission corridor by 12 times within constraints of urbanization and Right of Way (ROW) availability**

EXCELLENCE IN PROJECT DELIVERY

Our project management and execution capabilities, coupled with our technological edge and solutioning expertise, have enabled us to establish a track record of early commissioning. Our in-depth understanding of Right of Way issues and environmental / statutory requirements, along with experience of engaging with communities, underpins our project delivery capabilities.

- **First transmission developer to commission a competitively bid project ahead of schedule**
- **Commissioned a key project element of a large transmission corridor in the Northern region, 12 months ahead of schedule**

FINANCIAL INNOVATION

Our financial innovation capabilities have enabled us to develop assets in a viable and prudent manner. Our deep understanding of financial markets and regulations, as well as strong relationships with financial institutions, have helped us achieve landmarks in infrastructure financing.

- **Launched IndiGrid, India's first power sector infrastructure trust (InvIT) created for owning operational power transmission assets**
- **Attracted investment of INR 5 billion from Standard Chartered Private Equity in 2014**
- **Raised India's first AAA (SO) rated infrastructure bonds without any government guarantee for transmission projects**

KEY MILESTONES

2009

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

2010

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

2011

Sterlite Power was awarded India's first 765 kV power transmission project under TBCB regime

Sterlite Power was awarded its third project of 944 ckms spanning the states of Madhya Pradesh, Maharashtra and Gujarat

2016

Sterlite Power became first developer to commission a TBCB project ahead of schedule

Sterlite Power commissioned a key section of transmission corridor in Northern Region 12 months ahead of schedule

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

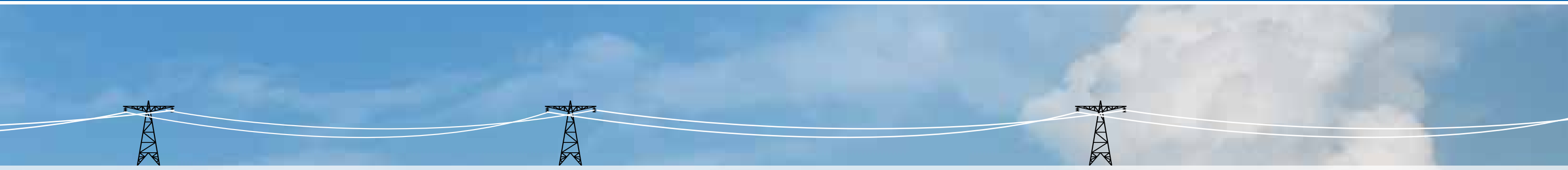
Sterlite Power invested in Finland-based Sharper Shape for UAV based technology for automated inspection and data analytics

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

Sterlite Power was awarded another three projects of route lengths 624, 271, and 715 ckms. Total project count reaches ten

Sterlite Power Transmission Ltd. (SPTL) demerged from Sterlite Technologies Ltd. (STL)

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



2013

Sterlite Power was awarded two projects of length 403 and 545 ckms covering Madhya Pradesh and Rajasthan; and Jharkhand, West Bengal respectively

2014

Sterlite Power attracted private equity investment of INR 5 billion from Standard Chartered Private Equity

Sterlite Power commissioned its first inter-state project located in the North Eastern region

Sterlite Power was awarded project in challenging terrain of Jammu and Kashmir with route length of 887 ckms

2015

Sterlite Power commissions its second project

Sterlite Power awarded project in state of Telangana, taking its total project count to seven

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

2017

Sterlite Power commissioned its fifth project

Sterlite Power was awarded its eleventh project of length 821 ckms in the North Eastern Region

Sterlite Power won two projects in Brazil, making it the first Indian transmission infrastructure developer to enter the global market

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

Sterlite Power's Solutions business was awarded landmark project in Kerala

TODAY, STERLITE POWER IS THE LEADING DEVELOPER OF POWER TRANSMISSION INFRASTRUCTURE IN INDIA

CHAIRMAN'S MESSAGE

Dear Shareholders,

Last year has been robust for the global economy, with economic activity steadily picking up across the world. The US economy continues to grow strongly, with positive momentum also witnessed in Europe, Japan and Asia.

The Indian economy continues to stand out as a high-growth economy in the global context, with the IMF expecting GDP growth of 7.4% in 2018. The macro backdrop is favorable, with low inflation levels, favourable interest rates, robust forex reserves, reducing current account deficit, rise in FDI and a controlled fiscal deficit.

More importantly, the government has undertaken a series of reforms designed to strengthen the long-term competitiveness of India's economy. The implementation of Goods and Services Tax (GST) from July 2017 is helping to create a single market for goods and services, eliminating multiple tax authorities and regimes, and reducing inter-state trade distortions. The recently announced bank recapitalization package will help strengthen balance sheets of state-owned banks. The efficacy of the government's recent policy initiatives and measures is reflected in India's significantly improved position in the World Bank's 'ease of doing business' ranking, and in Moody's upgrade of India's sovereign rating. Coupled with favourable demographics, the Indian economy is well-positioned for strong growth.

The power sector forms a crucial part of this growth journey, and has benefitted from various government initiatives. The focus towards renewables has resulted in renewables capacity growing from 9.3 GW in January 2007 to 62 GW in September 2017, and this rate is further expected to accelerate as we move towards the government's goal of 175 GW renewables capacity by 2022. The government's vision of '24x7 Power for All' has involved measures such as the Saubhagya scheme for electrification, the UDAY scheme to improve financials of DISCOMs and the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) for rural electrification, all of which are rapidly reshaping the power sector.

The power transmission sector is a natural beneficiary of this thrust. There are significant inter-regional imbalances in power supply and demand across the country, a gap which can be effectively plugged through expansion of inter-regional transmission networks. The uneven distribution of renewables capacity will provide further impetus for addressing this imbalance.

Over the last ten years, the regulatory framework for power transmission has evolved to encourage private participation in order to meet the capital needs of the sector. Projects are awarded on Tariff Based Competitive Bidding (TBCB) on Build Own Operate Maintain (BOOM) basis, with long concession periods, availability-based tariff and low counterparty risk. Existing utilities are also looking to augment their capacity through uprating and upgrading of networks in order to overcome time and space constraints.

Sterlite Power is demonstrating leadership in the power transmission sector by effectively leveraging its core strengths – technology, excellence in project delivery, solutioning expertise and financial innovation. Your Company exports products to over 40 countries, and is now the first Indian Company to secure power transmission projects in Brazil, expanding our global footprint.

Sterlite Power remains committed to its core purpose of empowering humanity by addressing the toughest challenges of energy delivery. As we follow the path of consistently creating value for our stakeholders, I would like to thank the Board for their valuable insights. I would also like to thank our Sterlite Power employees and shareholders for their unwavering support and dedication.

“Sterlite Power is demonstrating leadership in the power transmission sector by effectively leveraging its core strengths – technology, excellence in project delivery, solutioning expertise and financial innovation.”

With warm regards,

Pravin Agarwal
Chairman

FROM THE DESK OF THE MD & CEO

Dear Shareholders,

It gives me immense pleasure to present the annual report of Sterlite Power, especially in a year where your Company has crossed significant milestones.

Your Company formally demerged from Sterlite Technologies Ltd. in May 2016. We are energized by our core purpose of empowering humanity by addressing the toughest challenges of energy delivery.

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

This coincides with a time when the government has taken significant initiatives towards achieving its vision of '24x7 Power for All'. The government's initiatives for rural and urban electrification, its focus on renewable energy, and measures to improve the profitability of DISCOMs through the UDAY scheme, in conjunction with initiatives such as Make in India, Smart Cities and the thrust on Electric Vehicles, are transforming the power landscape. Your Company looks forward to playing a significant part in this transformation.

Over the years, your Company has extensively leveraged technology across all aspects of project planning, execution and maintenance. We have achieved early commissioning and effective execution, often in difficult weather and terrain. Our design and engineering expertise has enabled us to develop technology-intensive bespoke solutions for projects involving upgrading, uprating and strengthening delivery networks, thereby helping utilities address space constraints posed by urbanization and right of way availability.

India's infrastructure financing requirements received a great boost through the Government's announcement of Infrastructure Investment Trusts (InvITs). Your Company became the first player in the power sector to give wings to this opportunity, with the listing of IndiGrid, India's first power sector InvIT, in June 2017. This provides a potential avenue for Sterlite Power to raise capital by transferring operational assets and redeploying the capital for new assets. At the same time, it provides IndiGrid investors the opportunity to benefit from the long-term, fully contracted cash flows of these assets.

Our Global Infrastructure Business has leveraged on our core strengths in technology leadership, product delivery and financial innovation to win and develop a portfolio of 13 projects on Public Private Partnership basis. Our infrastructure business also successfully entered the global stage this year, as we won two bids in the April 2017 transmission auctions in Brazil, a very attractive market with USD 30 billion pipeline of projects over the next five years.

Our Solutions Business continues to be the leader in providing bespoke solutions as a Master System Integrator (MSI) for the needs of our utility customers. Your Company retains a market leading position in manufacturing across the full range of cables, conductors and Optical Ground Wire (OPGW). Our products are recognized and preferred by customers in over 40 countries worldwide.

Our Convergence Business operates at the confluence of the power and telecom sectors by providing OPGW based solutions to roll out communication networks, a crucial component of the Digital India mission.

As the country progresses towards achieving its goal of full electrification, we look forward to leveraging Sterlite Power's core strengths to participate in this transformation.

I take this opportunity to express my sincere gratitude to all the stakeholders for their continued support towards Sterlite Power, and to the Board for their guidance and insights. I would also like to thank the Sterlite Power team for continuously striving with passion and commitment towards our core purpose of empowering humanity by addressing the toughest challenges of energy delivery.

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

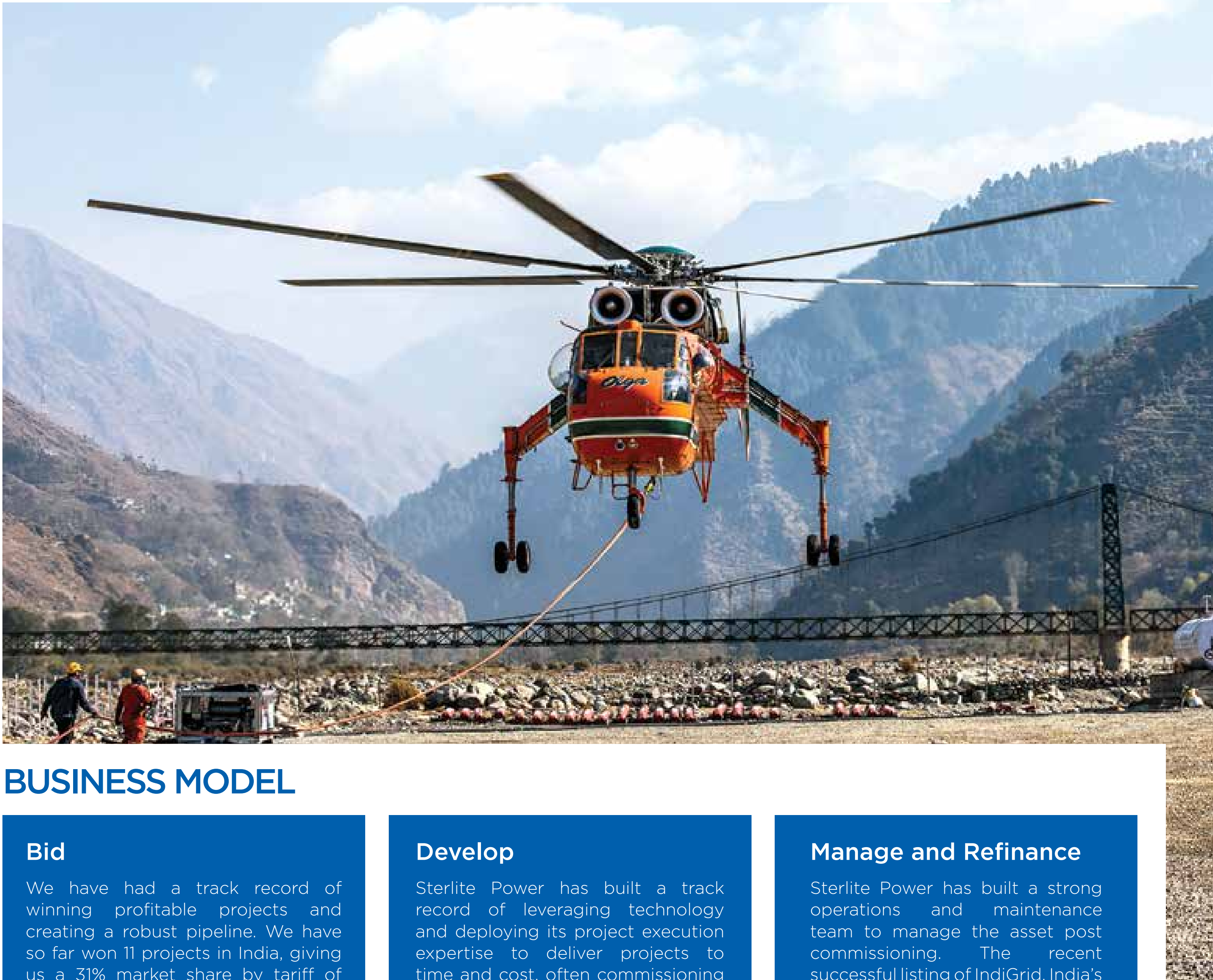
Yours truly,

Pratik Agarwal
Managing Director & CEO

OUR BUSINESSES

GLOBAL INFRASTRUCTURE BUSINESS

In our global infrastructure business, we develop, own and operate power transmission assets across multiple geographies. In India, we develop assets under the BOOM (Build Own Operate Maintain) model. We successfully entered the Brazil market by winning two projects in the auction held in April 2017.



BUSINESS MODEL

Bid

We have had a track record of winning profitable projects and creating a robust pipeline. We have so far won 11 projects in India, giving us a 31% market share by tariff of inter-state projects awarded under the competitive bidding regime in India. All of these projects benefit from a strong regulatory regime which includes fully contracted long-term cash flows, low counter-party risk and long concession periods.

Develop

Sterlite Power has built a track record of leveraging technology and deploying its project execution expertise to deliver projects to time and cost, often commissioning projects ahead of schedule. Sterlite Power has had a reputation for maintaining the highest standards of safety and quality, and of collaborating with reputed contractors. The Company is also able to leverage its manufacturing capabilities for cables, conductors and OPGW.

Manage and Refinance

Sterlite Power has built a strong operations and maintenance team to manage the asset post commissioning. The recent successful listing of IndiGrid, India's first power sector infrastructure investment trust (InvIT) provides a potential avenue for Sterlite Power to raise capital by transferring mature, fully operational assets to the trust and redeploying the capital for new assets.

Global Infrastructure Business at a glance

13

POWER TRANSMISSION PROJECTS
won under PPP
(11 in India under TBCB, 2 in Brazil)

INR 22.9 bn

AGGREGATE ANNUAL TARIFF
average of first 5 years tariff collected for all projects (including those commissioned, under construction and transferred to IndiGrid)

5

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

13

SUBSTATIONS

~14,800 MVA

OF TRANSFORMATION CAPACITY

40

EXTRA HIGH VOLTAGE (EHV) LINES

~8,000 ckms

OF POWER TRANSMISSION LINES
commissioned/under construction

99.7%

AVAILABILITY
achieved across our commissioned assets for 2016-17

31%

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

Note: The above data covers projects under construction, developed, owned by Sterlite Power and owned by IndiGrid.

Strategically Located Assets

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

Our Portfolio - India

JTCL BDTCL

(Assets acquired by IndiGrid)

NRSS RTCL GPTL KTL MTL OGPTL

PKTCL ENICL NER-II

EAST NORTH INTERCONNECTION LIMITED

Overview
2 x 400 kV D/C lines

Scheduled COD
Commissioned

Length
909 ckms

JABALPUR TRANSMISSION COMPANY LIMITED

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

Scheduled COD
Commissioned

Length
944 ckms

BHOPAL DHULE TRANSMISSION COMPANY LIMITED

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

Scheduled COD
Commissioned

Length
992 ckms

PURULIA & KHARAGPUR TRANSMISSION LIMITED

Overview
2 x 400 kV D/C lines

Scheduled COD
Commissioned

Length
545 ckms

RAPP TRANSMISSION COMPANY LIMITED

Overview
1 x 400/220 kV D/C line

Scheduled COD
Commissioned

Length
403 ckms

MAHESHWARAM TRANSMISSION LIMITED

Overview
2 x 400 kV D/C lines

Scheduled COD
Partially Operational (Nov 2017)

Length
477 ckms

NRSS XXIX TRANSMISSION LIMITED

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

Scheduled COD
Oct 2018 (Partially Operational)

Length
887 ckms

ODISHA GENERATION PHASE TRANSMISSION LIMITED

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

Scheduled COD
Aug 2019

Length
715 ckms

GURGAON - PALWAL TRANSMISSION LIMITED

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

Scheduled COD
Sep 2019

Length
271 ckms

KHARGONE TRANSMISSION LIMITED

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

Scheduled COD
Jul 2019

Length
624 ckms

NER - II TRANSMISSION LIMITED

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

Scheduled COD
Nov 2020

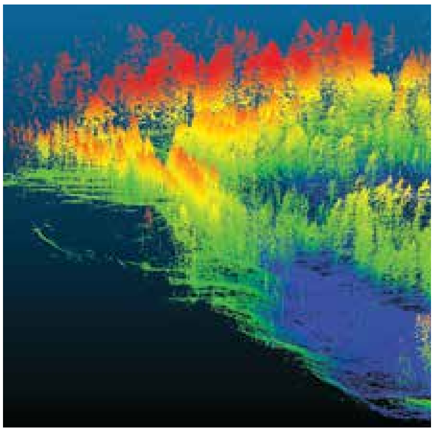
Length
821 ckms

What Do We Do Differently?

THE TECHNOLOGY EDGE

We leverage technology at each stage – planning to development to maintenance – to achieve early commissioning and effectively execute in difficult terrain.

Helicrane
First to use helicrane to set up a power transmission line in the adverse mountainous terrain of Jammu & Kashmir, operating under extreme weather conditions.



LIDAR and UAVs
We have a partnership with Sharper Shape of Finland for using LIDAR technology and Unmanned Aerial Vehicles (UAVs or drones) for automated inspection and data analytics.

Cable Stringing Using Aerial Technology
A typical 100-300 man-hour project to string a cable between two transmission lines is crunched to a 20 man-hour effort, that also helps protect the environment.

THE FINANCIAL INNOVATION EDGE

We have a track record of using financial innovation to solve for capital constraints.

- Listing of IndiGrid, India's first power sector infrastructure investment trust (InvIT) created for owning operational power transmission assets. This provides Sterlite Power a potential avenue to refinance by transferring operational assets to the trust and redeploying the capital for new projects.
- Attracted investment of INR 5 billion from Standard Chartered Private Equity in 2014.
- Raised India's first AAA (SO) rated infrastructure bonds without government guarantee for transmission projects.

THE PROJECT EXECUTION EDGE

Our project management capabilities, coupled with our technological edge and solutioning expertise, have enabled us to establish a track record of excellence in project delivery.

- In-depth understanding of ROW issues, environmental / statutory requirements, and experience of engaging with communities
- First developer to commission a Tariff Based Competitive Bidding (TBCB) project ahead of schedule
- First private Company to win Ministry of Power award for early completion of 765/400 kV Dhule substation
- Commissioned a key project element of a transmission corridor in the Northern region, 12 months ahead of schedule
- Market leading manufacturing capabilities for conductors, cables and OPGW

Case Study: Delivering power to Kashmir in unreliable conditions

The Challenge

Jammu & Kashmir faces a severe power deficit that hampers business and normal life in the valley. The problem is especially acute in the winter months, due to reduced hydropower generation. Delayed transmission projects have also added to the woes by significantly reducing capacity to import power from the Northern grid.

Our Approach

Sterlite Power is developing the Northern Region System Strengthening (NRSS XXIX) project that connects the Northern grid to the state. This project would enable power transfer of 1,000 MW to the Kashmir valley, thus increasing the grid capacity by 70%. The project presents challenges of difficult terrain, unpredictable and harsh weather conditions along with personnel security concerns.

Sterlite Power has effectively leveraged its project execution skills as well as effectively deployed technology, being the first to use helicranes to set up a power transmission line, ensuring ahead-of-schedule project delivery and minimizing environmental impact.

The Jalandhar – Samba line of this project was commissioned in June 2016, 12 months ahead of schedule.

The Brazil Opportunity

Why Brazil?

Brazil is one of the most attractive markets globally for a power transmission developer. There is a USD 30 billion pipeline of projects coming up for bidding over the next five years. There is a strong contractual framework, including long concession tenures (30 years), inflation-protected revenues (which help lower the forex risk), and auction based bidding for projects.

Sterlite Power won two concessions in Brazil by participating in the auction held in April 2017. We plan to leverage our strengths – timely project execution, technology leadership and cost competitiveness – to effectively deliver these projects.

US$ 30bn
of planned expenditure on transmission till FY22

207.7mn
Population

US$ 1.79tr
GDP

137 GW
Generation Capacity

1,25,000 km
Transmission Lines

SOLUTIONS BUSINESS

Our Solutions Business is expanding horizons by developing efficient, reliable and resilient transmission ecosystem. We impact communities and businesses by enabling reliable and high-quality electricity access.

Power utilities are faced with the pressures of rapidly growing population, increased demand and an ageing infrastructure in need of urgent augmentation and upgrade. We help in meeting the immediate and ever-increasing need of power utilities to tackle their network congestion challenges, by providing solutions that upgrade and uprate corridor intensity.

We offer strategic solutions through system design, application engineering, complete engineering procurement and construction as well as project management, commissioning and lifecycle services to ensure improved performance.

Our Capabilities

- In-house Power System study capabilities & simulation tools
- Certified in-house trainers with installation expertise of over 2,000 km of High Performance Conductors (HPC) and 4,500 km of OPGW
- HV-EHV Power Cabling Solutions: 5 projects successfully executed, 5 under execution for utilities & metro in Delhi
- Design, Build and Integration capabilities of up to 400kV
- Partnerships with core manufacturers, specialized hardware & accessories OEMs and specialty contractors
- Live line capabilities and partnership: capacity augmentation in the shortest time horizon with zero or minimal outages

Diverse Products Portfolio

Conductors

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

Cables

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

OPGW & Accessories

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

What Do We Do Differently?

Solutioning Expertise and Technological Edge

Our in-house design and engineering capabilities, coupled with our technology leadership gives us the ability to understand customer needs and develop bespoke solutions to solve complex problems. Our technology-intensive solutions enable our customers to plan network expansions despite challenges posed by ROW availability, environmental regulations and urbanisation, all without interrupting supplies to their customers.

OUR PROCESS

Power Systems Planning and Forecasting

Our in house expertise on power systems helps us support our customers in their planning and forecasting needs. We help our customers specify their needs and co-create solutions that help them upgrade existing infrastructure in preparation for the future.

Engineering Assessment and Design

Our design and engineering team develops solutions that optimize space and time constraints. We design solutions that minimise corridor footprint by using technologies such as monopoles and compact power designs, micro piling and GIS substations.

Project Management and Delivery

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

Excellence in Project Delivery

Sterlite Power's proven ability to deploy technological innovations, such as helicranes and heli-stringing, coupled with its project management and execution expertise, enables it to deliver projects within strict constraints of time and space.

- **Developing capabilities for UAV based stringing for a project in Kerala to minimise human intervention and optimize on space constraints**

Market Leading Manufacturing

As a manufacturer of power cables, conductors and OPGW, we supply to leading utilities through four state-of-the-art plants at Odisha, Dadra & Nagar Haveli and Uttarakhand. These items meet global quality standards, being exported to a customer base in over 40 countries across the world.

- **Developed and manufactured new OPGW design with low diameter and low weight for long span application as a special requirement for PGCIL**

Partnerships

Our solutions are all co-created with our customers, and our extensive experience of working with government and utilities helps facilitate this process.

Case Study: Upgrading & Uprating an existing power network to transfer more power

The Challenge

Kerala is one of the most densely populated states in India. High levels of urbanization, coupled with fertile agricultural lands, makes it extremely difficult to develop new infrastructure projects. Meanwhile, growing power demand and ageing infrastructure have necessitated Kerala to look at alternative options for augmenting the existing network.

Our Approach

Sterlite Power will be working closely with the Kerala State Electricity Board to provide a solution that augments the capacity of the existing 220 kV single circuit corridor, to transfer 12 times more power to the state. The project, once completed, will transform Kerala's Grid to absorb 2,000 MW of power being fed by a mega Raichur–Pugalur–Thrissur HVDC project.

The transformation is being achieved by deployment of unique multi-voltage, multi-circuit lines, amongst other technological upgrades. The existing power conductors are planned to be upgraded to High Temperature Low Sag conductors, thus enabling high-quality and reliable power transmission solving the problem of additional space. We are using technologies of micro-piling, monopoles and aerial stringing to tackle space and time constraints.

This is a project under Transgrid 2.0 of Kerala State Electricity Board (KSEB), an organization monitored directly by the senior management of the state administration. The Central Government has provided grant funding of 90% of project value under the Power Systems Development Fund scheme.

With Sterlite Power's proven ability to deploy technology such as helicranes and mechanized construction, we are poised meet the tight 24 month schedule of the project.

Convergence Business

Our Convergence business operates at the confluence of power and telecom infrastructure in India. We are an aggregator of fibre infrastructure (optical ground wire or OPGW) through our own vast network of transmission infrastructure, along with strategic alliances and partnerships with other power utilities and discoms. OPGW combines the role of a ground wire and optical fibre in a single cable and is installed at the peak of transmission towers. An OPGW network provides the ideal opportunity for communications service providers to use it as a reliable backbone.

With India significantly behind the global standards for internet speeds and fibre kilometres per capita, we are competitively placed to tap into this opportunity.

CONVERGENCE ASSETS

3,257 rkm	**11,300**	**14**	**66**
OPGW lines (commissioned and in-progress)	Transmission Towers (executed and in-progress)	States	Districts

What do we do differently?

OPGW network is superior to underground fibre network as it provides high uptime, low attenuation and minimal fiber cuts. As an aggregator of OPGW, we are able to offer communication service providers robust and reliable fibre connectivity to meet the growing data needs of our country. With almost immediate fibre delivery to customers, we enable immense advantage in realizing return on investment in a short period of time.

Understanding the constraints of communication service providers and recognizing their need for a reliable network, we offer favourable term contracts that empower even smaller service providers to expand and strengthen their networks.

FINANCIAL HIGHLIGHTS

Consolidated

Total Income (INR in mn.)

FY17	26,732
FY16	26,970

Consolidated

EBITDA (INR in mn.)

FY17	8,443
FY16	5,861

Standalone

Total Income (INR in mn.)

FY17	23,082
FY16	25,124

Standalone

EBITDA (INR in mn.)

FY17	1,901
FY16	1,623

Standalone

Net Worth (INR in mn.)

FY17	14,779
FY16	12,677

Standalone

Debt-Equity Ratio (in times)

FY17	0.95
FY16	1.10

AWARDS AND ACCOLADES

ICONIC - Insights Awards by International Data Corporation

For displaying innovation and creativity in IT - Business Projects

New Technology Award by Power Grid

For High-Temperature Low Sag Solution-STACIR & Composite Core Conductor Technology

Award for Innovative Initiatives in the Power Sector by Council of Power Utilities

At 9th India Power Awards

Best Performing Power Transforming Utility by Central Board of Irrigation and Power

For setting new benchmarks & technologies to speed up energy delivery

Award for Remarkable Projects by Council of Power Utilities

At 9th India Power Awards

Indian Manufacturing Excellence Award by Frost & Sullivan

For Operational Excellence at Haridwar plant

Order of Merit by SKOCH BSE Award

For demonstrating excellence and innovations in Goa Project

Process Innovation Award by Frost & Sullivan

For Process Innovation at Silvassa Plant in Project Evaluation and Recognition Program

BOARD OF DIRECTORS

Mr. Pravin Agarwal

Chairman

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

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

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

Mr. Pratik Agarwal

Managing Director
Chief Executive Officer

Mr. Pratik Agarwal is the Managing Director and Chief Executive Officer of Sterlite Power. He has held this position since June 2016; previously he was the vice-chairman of Sterlite Grid, and also Director of the Infrastructure business for the Vedanta Group.

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

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

Dr. Anand Agarwal

Non-Executive Director

Dr. Anand Agarwal is CEO of Sterlite Technologies since 2003. Under his leadership, Sterlite Tech has grown from an optical fibre manufacturer to one of the leading global providers of optical communications products, system integration services and telecom software. Dr. Anand joined Sterlite Tech in 1995 after a brief stint in Siemens. Since then he has held various key positions across the Company in operations, projects, business development and sales.

He was honoured with the prestigious 'Broadband Infrastructure Leader Award' at the Telecom Leadership Forum held in 2016 for silently transforming broadband infrastructure.

He serves as a Director on the Board of Sterlite Technologies, and its subsidiaries in infrastructure development and joint ventures in Brazil and China. He has completed Bachelor's in Engineering with specialization in Metallurgical Engineering from IIT Kanpur, and Masters' and Ph.D. from the Rensselaer Polytechnic Institute, USA.

Mr. Lalit Tandon

Non-Executive & Independent Director

Mr. Lalit Tandon is a Chartered Accountant by profession having a experience of more than 40 years in the finance domain. He started his career with Hindustan Machine Limited in 1976 and joined Bharat Aluminium Ltd. in 1978. In 2001, He joined Sterlite Industries after the takeover of BALCO and in 2008, he joined Vedanta Limited. In 2011, he retired from Vedanta and worked as consultant till 2014.

He has handled a team of highly qualified tax professionals. He has been responsible for all FERA/FEMA compliances. He has also handled all power sales of VAL 1,215 MW & 2,400 MW Sterlite Energy Limited power plant.

Ms. Avaantika Kakkar

Non-Executive & Independent Director

Ms. Avaantika Kakkar is a law graduate from Indian Law Society's Law College. She leads and advises on complex merger filings with the CCI. Besides advising on joint ventures, she represents select clients on the enforcement side before the CCI and the Office of the Director General. She provides strategic advisory support on commercial arrangements and compliance issues. Her background in corporate and securities laws and structured finance equips her uniquely for strategic advice on merger control issues in India.

She has authored a book titled 'A Perspective on Product Liability Law and Consumer Safety (2006)'. She serves as an independent director on the Boards of public companies including Sterlite Technologies Limited and MSL Driveline Systems Limited.

She is amongst the World's Leading Competition Lawyers as per The International Who's Who of Competition Lawyers & Economists 2014, is a ranked lawyer in Chambers Global 2015, was recognised as GCR's Top 100 women in Antitrust, 2016 and is a Leading Lawyer (Asia Law).

Mr. Arun Todarwal

Non-Executive & Independent Director

Arun Todarwal is a fellow member of the Institute of Chartered Accountants of India. He has been practising as a Chartered Accountant since 1981 and is a partner of M/s. Todarwal & Todarwal LLP, Chartered Accountants in Mumbai. During his years of practice, he has handled various professional assignments including Statutory Audits, Internal Audits, Management and Systems Audits, Due Diligences, Taxation, International Taxation, Joint Ventures, etc. He is well-versed in Tax matters and has traveled abroad on several occasions to deliver talks on Indian Taxation as well as Investment in India.

Arun Todarwal is also a member of various professional bodies. His vast experience has put him on panel of Auditors with the Registrar of Co-operatives Societies and the Official Liquidator, Mumbai High Court.

Through his career, Arun Todarwal has gained a lot of experience and is highly accomplished in the profession of Chartered Accountancy.

MANAGEMENT DISCUSSION AND ANALYSIS

Indian Economy

The Indian economy is at an interesting juncture, with significant long-term reforms being undertaken amidst a stable macro environment. The IMF expects India to grow by 6.7% in 2017 and 7.4% in 2018, with the 2017 number accounting for near-term adjustments due to the effects of the demonetization exercise and the Goods and Services Tax (GST) introduced from July 2017. The IMF notes that key reforms undertaken could help push India's growth rate above 8% in the medium term.

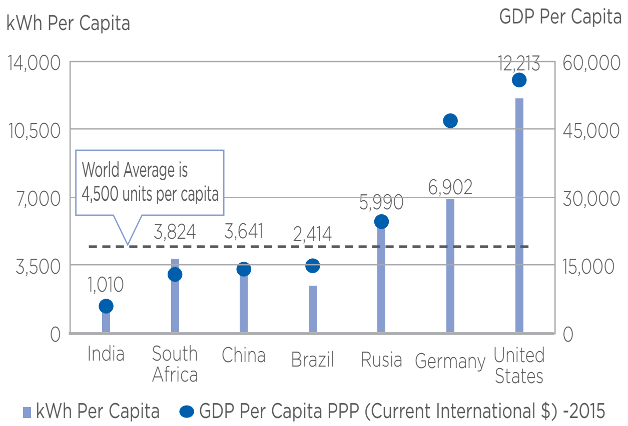
The Indian Government has taken various steps to address structural inefficiencies in the economy. An INR 2.11 trillion bank recapitalization package has been announced to address bad loans and drive credit growth. The Goods and Services Tax (GST) eliminates multiple taxation, and should facilitate inter-state and inter-regional trade. The Insolvency and Bankruptcy Code facilitates time-bound settlement of bad loan issues, while the Foreign Direct Investment (FDI) framework has been liberalized. As a consequence of some of these measures, India has jumped 30 places in the World Bank's ranking of countries on 'ease of doing business', though much work still remains to be done.

Meanwhile, inflation, interest rates and fiscal and current account deficit levels remain supportive of a positive growth outlook. Additionally, the government's thrust on infrastructure spending and housing, as well as the 'Make in India' initiative, should bode well for the power sector.

Power Sector

The power sector has a key role to play in India's growth story. Despite being the third largest producer and fourth largest consumer of electricity, India's per capita consumption lags behind the global average. Total installed power capacity was 333.5 GW as of March 2017, however per capita consumption remained at 1,010 kWh in fiscal 2015, only 1/4th of the global average.

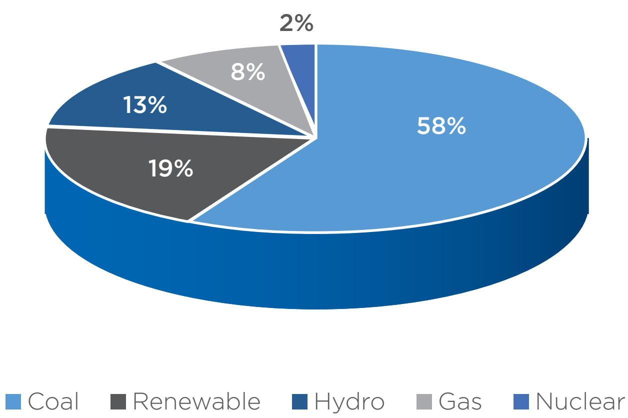
India's Per-capita Electricity Consumption is less than a Quarter of the World's Average (2015)



Source : World Bank data indicators (WDI), CEA, CRISIL Research

India's power generation mix is also going through a fundamental shift, with staggering growth in renewables capacity from 9.3 GW in January 2007 to 62 GW in September 2017, now constituting 19% of total generating capacity. The Government aims to increase renewables capacity to 175 GW by 2022, backed by favourable policies at the Central and state level.

India's Power Generation Mix

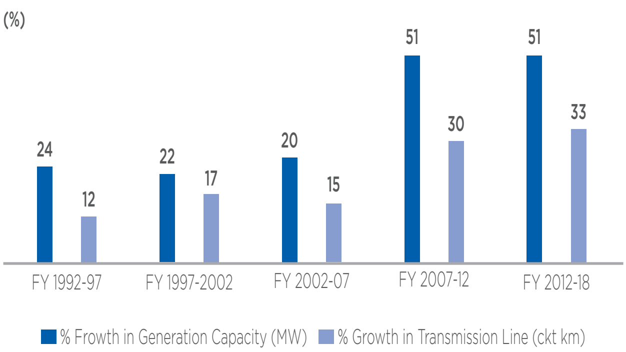


The government has outlined various schemes as part of its goal for '24x7 Power for All'. The Ujjwal DISCOM Assurance Yojana (UDAY) scheme is helping to revitalise the financial position of state-owned distribution companies. Through the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) for rural electrification and the Saubhagya scheme, the government has stated an intent of ensuring complete electrification of households across urban and rural areas. These, coupled with other government initiatives to spur economic growth, should ensure that there are enough positive drivers for the power sector.

Power Transmission Sector

The transmission sector is the key link between power generation and distribution to the end-consumers. While generation capacity in India has grown steadily, the transmission sector has not received the investment required to match the pace. Out of the total power sector investments, while 60% went towards bolstering generation capacity, only 20% found its way to transmission and distribution.

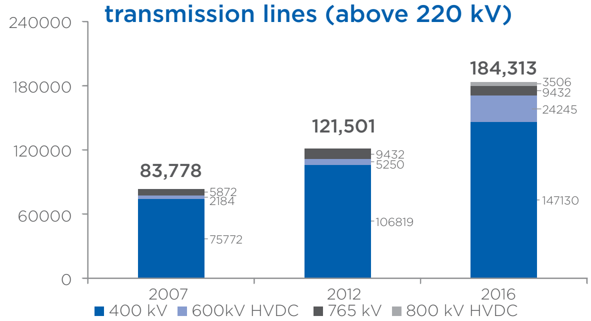
Historical Under-investment in Transmission vs Generation



India's power deficit is largely regional, with the northern region having highest deficit of 4.8% followed by southern with 1.6% and eastern and western regions at 0.3% and 0.2% respectively. Due to past underinvestment in the transmission network, surplus power is not effectively being transported to regions of deficit in times of need.

The total length of transmission lines in the country has increased from 358,580 ckm in fiscal 2007 to 554,774 ckm in fiscal 2016. Increasing right of way issues and the need to carry bulk power over long distances with minimum losses has resulted in an increase in demand for high voltage transmission lines. The length of "220 kV and above" transmission lines has increased by 72% since 2007 to 341,551 ckms.

Strong growth in the length of high voltage transmission lines (above 220 kV)



Outlook for the Transmission Sector

The government's focus on power transmission, coupled with significant policy initiatives, has resulted in a positive outlook for the sector. Key drivers underlying this outlook include the following:

- **Robust regulatory framework:** A robust regulatory framework is in place for the sector. Under the National Tariff Policy 2006, the government introduced Tariff Based Competitive Bidding (TBCB) for transmission projects. The projects are awarded on a Build Own Operate Maintain (BOOM) basis, with long concession periods (around 35 years). These projects receive tariffs on the basis of availability, irrespective of the quantum of power transmitted through the line. Counterparty risk has also been minimized under the Point of Connection (PoC) mechanism. As part of this mechanism, the Central Transmission Utility (CTU) – Power Grid Corporation of India

(PGCIL) - acts as the revenue aggregator and collects payments from all the customers. Given pan-India aggregation of revenue among all Transmission Service Providers (TSPs) and not asset specific billing, the counter party risk is diversified.

- **Focus on renewable energy:** The Government aims to increase renewables capacity to 175 GW by 2022, backed by favourable policies at the Central and state level. These policies are already yielding results, as evidenced by the growth in renewables capacity from 9.3 GW in January 2007 to 62 GW in September 2017. This growth necessitates large investments in power transmission capacity, as renewable energy is distributed unevenly across states, is infirm in nature and is often located in remote areas.

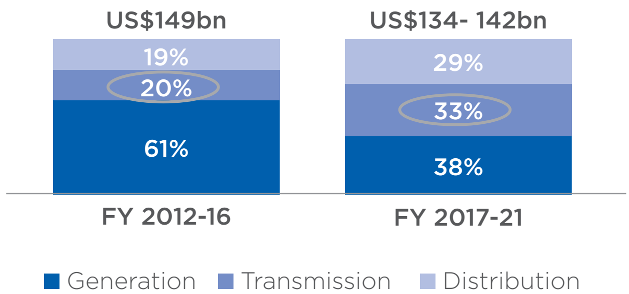
- **Need for reduce inter-regional imbalances:** The regional mismatch in electricity demand in supply, though already acute, will worsen with the geographically concentrated growth in renewable generation capacity. Most of the new renewable additions will be in the western and southern regions of India, while thermal capacity will expand in eastern regions. The consequent inter-regional import/export demand will require a ready inter-regional transmission network. Additionally, seasonal and time of day differences necessitate large inter regional capacities to prevent fluctuations of the grid. CEA estimates indicate this capacity requirement to be as much as 91 GW by 2021.

- **Government initiatives for electrification:** As detailed earlier, the Government has outlined various schemes as part of its goal of '24x7 Power for All'. The UDAY scheme is addressing the financial position of state-owned distribution companies – which are key customers for power transmission companies – through a focus on improving efficiencies, reducing Aggregate Technical and Commercial (AT&C) losses and lowering costs. The thrust for rural electrification through the DDUGJY is also a big boost.

- **Augmentation and upgradation of existing networks:** The need to reduce losses in transmission, along with Right-of-Way (ROW) issues and urbanization, serves as a driver for utilities to upgrade their transmission networks. This would involve replacement of ACSR (Aluminium Core Steel Reinforced) conductors with newer technology-intensive solutions which would reduce losses, enhance power handling capacity and solve for issues such as ROW and gestation period. These are the type of complex challenges addressed by Sterlite Power's solutions business. .

Given these factors, the transmission sector is poised for growth. Over 2018-22, investments in the Indian power transmission sector are estimated at INR 3.1-3.2 trillion, raising the share of the sector in total power sector investments to 33%, compared to the 20% levels over fiscals 2012-2016.

Share of transmission sector to grow 1.7x of total power sector investment



Sterlite Power: Financial and Operational Performance

2016 - 17 was an eventful year for Sterlite Power, as we crossed a number of milestones, starting with the successful demerger from Sterlite Technologies Ltd. (STL). There were significant positive developments – both on order inflow and commissioning - across our infrastructure, solutions and convergence businesses, and culminating in the successful listing of IndiGrid, India's first Infrastructure Investment trust (InvIT) focused on the power sector, in June 2017.

In our global infrastructure business, true to our track record of leveraging technology and project execution expertise to deliver projects ahead of time, we commissioned the 400 kV D/C Jalandhar Samba Transmission Line, a key project element of a large transmission corridor in the Northern region, almost 12 months ahead of schedule. The project will enable exchange of over 1,000 MW of electricity from Punjab to the Kashmir Valley strengthening the National Grid.

The project consists of 887 ckms transmission line traversing the states of Jammu & Kashmir and Punjab.

This was also the year that our Infrastructure Business entered the global stage, as we successfully took part in Brazil's energy transmission auctions held in April 2017, winning two bids out of the four that we participated in. With over USD 30 billion pipeline of projects coming up for bidding over the next five years, and a robust contractual framework, Brazil is an attractive market for Sterlite Power. We plan to leverage our strengths – timely project execution, technology leadership and cost competitiveness – to effectively deliver these projects.

In our Solutions Business, we continue to address complex problems involving time, space and capital constraints for our customers by leveraging our technological, design and engineering capabilities, as well as our captive sourcing and project execution skills. Our Master System Integration (MSI) business registered a strong performance, winning a range of high-quality projects including an upgradation project to enhance power-carrying capability in Warangal, Nalgonda and Nagarjuna Sagar, and High-Performance Conductor (HPC) projects with GETCO and MSETCL. In Punjab, we won an MSI order to reconductor a line to cater to the growing power needs of Amritsar city, decongesting the existing network and infusing 2.5 times more power on the network. In Kerala, we were awarded an MSI project with HPC on monopole to address congestion issues along with a constraint on ROW availability.

We continue to lead the industry in our Convergence Business. We have emerged as a Company with end to end capability for communication solution on power assets. We have executed more than 1,600 kms of OPGW Installation under live line conditions till date under our MSI operations. Another 5,300 kms is under various stages of execution.

We continue to strengthen our position in the international markets, receiving supply orders from multiple countries including a supply order of 465 Km of OPGW for Aramco in Saudi Arabia, OPGW for Tauron Utility in Poland, and receiving our first order from Finland.

Our financial results reflect the impact of our changing revenue mix – from products to solutions and from simpler to complex projects. This transition is accompanied by an expansion in margins. So while our net sales for FY16-17 were at INR 23.07 bn compared to INR 25.10 bn in FY15-16, our standalone EBITDA improved from INR 1.62 bn in FY15-16 to INR 1.90 bn in FY16-17, a growth of 17.1% and reflecting an increase in EBITDA margins from 6.5% in FY15-16 to 8.2% in FY16-17. Our standalone net loss narrowed from INR 0.92 bn in FY15-16 to INR 0.40 bn in FY16-17. Our balance sheet was robust, with our net worth growing from 12.68 bn in FY15-16 to INR 14.78 bn in FY16-17.

Risk Management

Risk Management comprises of activities relating to risk identification, Risk Assessment, Risk Response and Risk monitoring and reporting.

- **Risk Identification:** Mechanisms for risk identification include scenario analysis, focused discussions with key managerial personnel, and periodic workshops with the Operations Management group. The risks identified are consolidated in a risk register for assessment and response.

- **Risk Assessment:** Having identified the risks, we quantify the impact of risks to determine potential severity and probability of occurrence. Based on the evaluation and the risk appetite of the Company, key risks are identified.

  The key risks are prioritized and Risk Champions are identified for each of these risks for effective response and monitoring.

- **Risk Response:** Risk response involves defining and implementing mitigation plans for key risks. For the purpose of risk response, the Risk Champions may choose to mitigate the risk with adequate monitoring controls or transfer the risk to third parties. The Risk Response plan is documented on a Risk Profile and updated on a dashboard for stakeholder review.

- **Risk Monitoring & Reporting:** The Risk Committee reviews the adequacy and effectiveness of the risk response plans and reports the same to the Board.

  The Risk Committee also monitors and reports factors affecting identified risks, such as changes in business processes, operating and regulatory environment & future trends.

These reviews are aimed at continual improvements in the organization's risk management culture.

Internal Controls Systems and their adequacy

The Company has strong internal control systems for business processes, with regards to efficiency of operations, financial reporting and controls, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibilities for all managerial positions have also been institutionalized. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors periodically reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening these.

Risks & Mitigation

Your Company has identified the following areas of risks and is working proactively to mitigate them:

- **Projects and operations:** Risks related to safety of Company's and partners' personnel and equipment, business continuity in the times of disasters and force majeure events.
- **Finance:** Risks related to non-payment of dues by customers and disputes in tariff claims.
- **Legal and compliance:** Risk of non-adherence to due processes in external facing roles, lack of clearly defined procedures by authorities in adoption of new technology.
- **Others:** Technology obsolescence leading to new business models and cyber security of digitally connected transmission assets.

Human Resources

Your Company's Human Resource function envisions building organizational capabilities and intangibles that deliver high performance to all our stakeholders: Customers, Investors, Employees and Line managers.

The HR function has defined four critical performance areas to achieve the vision:

- Crafting HR practices on talent acquisition, performance development, compensation and benefits, rewards and recognition, etc.
- Creating capabilities around leadership development, employee engagement and connect. This would include establishing career framework guiding creation of roles, establishing leadership development practices, strengthening early career and mid-level leadership development programs and enhancing employee connect
- Keeping people and Company safe by strengthening employment law compliances, strengthening project site security practices, strengthening education, awareness and sensitisation practices
- Building the HR organization and resources with people, process, systems to enable seamless scaling up to address global opportunities

BOARD'S REPORT

To

The Members

Sterlite Power Transmission Limited

Your Directors are pleased to present their 2nd Annual Report for the Financial Year 2016-17 together with the audited financial statements of the Company for the year ended 31 March, 2017.

FINANCIAL SUMMARY / HIGHLIGHTS

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

(INR in million)

Particulars	Standalone		Consolidated	
	2016-17	2015-16*	2016-17	2015-16*
Revenue from Operations	23074.63	25100.17	26711.89	26945.84
Earning before Interest, Depreciation & Tax	1900.79	1622.93	8442.89	5861.44
Less: Finance cost(net of finance income)	1695.19	1723.55	7767.24	8574.18
Less: Depreciation and amortization	788.62	820.31	4363.49	2716.90
Loss before taxation	(583.02)	(920.92)	(3687.89)	(5429.64)
Total Tax Expenses	(182.11)	-	(77.66)	(302.29)
Loss for the year after tax	(400.91)	(920.92)	(3610.23)	(5127.35)
Balance carried forward from previous year	(967.68)	(50.72)	(5828.59)	(704.51)
Amount available for appropriation	(1368.59)	(971.64)	(9438.82)	(5831.86)
APPROPRIATIONS				
Remeasurement of post-employment benefit obligation, net of tax	1.40	(3.96)	1.20	(3.27)
Transfer to Debenture Redemption Reserve	-	-	440.45	-
Balance carried forward to the next year	(1369.99)	(967.68)	(9880.47)	(5828.59)

* The Company has adopted Indian Accounting Standards (Ind-AS) with the transition date of 1 April, 2015. Accordingly, FY16 numbers are regrouped/restated as per Ind-AS.

DIVIDEND

In view of the financial position, your directors do not recommend dividend to the shareholders of the Company for the Financial Year 2016-17.

CORPORATE GOVERNANCE

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

AMOUNTS TRANSFERRED TO GENERAL RESERVE

In view of the financial position, the Company do not propose to transfer any amount to the General Reserve

MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, 9 (Nine) Board meetings were duly convened and held. The intervening gap between the two consecutive meetings was within the period prescribed under the Companies Act, 2013. The dates on which these meetings were held are 26 April, 2016, 26 May, 2016, 8 July, 2016, 25 July, 2016, 19 August, 2016, 24 August, 2016, 23 November, 2016, 15 February, 2017 and 2 March, 2017. The maximum time-gap between any two consecutive meetings did not exceed four months.

COMPOSITION OF AUDIT COMMITTEE

The Board had constituted an Audit Committee comprising of Mr. Arun Todarwal as the Chairman; Mr. Pravin Agarwal and Mr. Lalit Narayan Tandon as the Members. The Board of Directors has accepted all the recommendations given by Audit Committee during the FY17. Further details on the Audit Committee and other Committees of the Board are given in the Corporate Governance Report, which forms a part of this Report.

DIRECTORS

Pursuant to Section 149 read with Section 152 of the Companies Act, 2013 ('the Act'), the provisions with respect to retirement of directors by rotation are not applicable to Independent Directors. Mr. Pravin Agarwal, Chairman will retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, offers himself for re-appointment. A brief resume of Mr. Pravin Agarwal along with the requisite details, is given in the Explanatory Statement to the Notice of the AGM.

The Company has received necessary declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 ("Act").

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

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

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 203 of the Act, and the Rules made thereunder, following are the Key Managerial Personnel of the Company as on 31 March, 2017:

S. No	Name	Designation	Date of Appointment
1	Mr. Pratik Agarwal	Chief Executive officer	01 June, 2016
2	Mr. Harsh Shah	Chief Financial officer	01 June, 2016
3	Mr. Swapnil Patil [1]	Company Secretary	01 June, 2016

[1] Due to commitments in other engagements, Mr. Swapnil Patil resigned from the position of Company Secretary and Mr. Ashok Ganesan was appointed as the Company Secretary w.e.f 29 May, 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a. in the preparation of the annual accounts for the year ended 31 March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March, 2017 and of the loss of the company for the same period;

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

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

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

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

RELATED PARTY TRANSACTIONS

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

MATERIAL CHANGES / EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

- TRANSFER OF ASSETS TO INDIA GRID TRUST (INDIGRID)

During the year under review, Sterlite Power Grid Ventures Limited ("SPGVL") a subsidiary of your company has set-up a trust, India Grid Trust (the "Indigrid") on 21 October, 2016. SPGVL has entered into an agreement for appointment of Axis Trustees Services Limited as Trustees to the said Trust. Presently SPGVL acts as a sponsor and project manager for Indigrid. The units of Indigrid are listed on the National Stock Exchange (NSE) and Bombay

Stock Exchange (BSE). On 30 May, 2017, SPGVL had transferred Sterlite Grid 1 Limited to India Grid Trust (represented through Axis Trustee Services Limited). Subsequent to the aforementioned transfer of Sterlite Grid 1 Limited, Bhopal Dhule Transmission Company Limited and Jabalpur Transmission Company also cease to be subsidiaries of the Company w.e.f. 30 May, 2017.

- ALTERATION OF MEMORANDUM OF ASSOCIATION

In order to enter into the business of providing infrastructure facilities and services such as dark fibres, right of way, duct space & tower in addition to its existing business activities, the Company has altered its Memorandum of Association to include the aforesaid business in the main objects of the Company with the approval of the members.

- UPDATE ON DEMERGER

- The Hon'ble High Court of Bombay ("High Court") had approved the Scheme of Arrangement between Sterlite Technologies Limited ("STL") and Sterlite Power Transmission Limited ("SPTL" or "Company") and their respective shareholders and creditors (hereinafter referred to as the "Scheme") in April 2016. The Scheme was made Effective in May 2016.
- As consideration for the demerger of the Power Transmission business of STL, the Company issued and allotted Non-Convertible Redeemable Preference Shares ("NCRPS") to the eligible members of STL. Requisite applications were made to BSE Limited and the National Stock Exchange of India Limited (together referred as "Stock Exchanges") for listing NCRPS on Stock Exchanges, issued pursuant to the Scheme. As per the Scheme, the NCRPS are redeemable on the expiry of 18 (eighteen) months from the date of allotment thereof.
- In the applications made to the Stock Exchanges, exemptions from compliance with certain criteria as laid down under the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 ("SEBI Regulations") were sought from the Stock Exchanges and the Securities and Exchange Board of India ("SEBI"), as the listing of NCRPS was pursuant to the Scheme. The SEBI Regulations only provided for issue and listing of NCRPS through public issue and private placement.
- Post discussion and deliberations, SEBI vide its letter, did not allow the exemptions as sought under the application.
- Aggrieved by the aforementioned letter of the SEBI, the Company made an application to the High Court, seeking direction to be made to SEBI for permitting the listing of NCRPS on Stock Exchanges. During the proceedings with the High Court, certain undertakings were given by the Company and its Promoters.

As on date, the application made for listing of NCRPS with the stock exchanges and the application seeking direction made to High Court is pending disposal. The NCRPS are not yet listed on the Stock Exchanges.

SUBSIDIARIES / ASSOCIATE COMPANIES

The Company has 18 (Eighteen) Subsidiaries as on 31 March, 2017. In accordance with Section 129(3) of the Act, a statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is attached as **Annexure–B** to this Report. During the year under review, following companies have become or ceased to be Company's subsidiaries or joint ventures companies –

A. Companies which have become subsidiaries during the Financial Year 2016-17:–

- Sterlite Grid 5 Limited
- Odisha Generation Phase-II Transmission Limited
- Gurgaon-Palwal Transmission Limited
- Khargone Transmission Limited
- NER II Transmission Limited
- Sterlite Investment Managers Limited

As per the scheme of arrangement, Sterlite Power Grid Ventures Limited, all its subsidiaries and East-North Interconnection Company Limited have become the subsidiaries of the Company with effect from 23 May, 2016.

B. Companies which have ceased to be subsidiaries during the Financial Year 2016-17:– Nil.

C. Companies which have become/ceased to be a joint venture or associate during the Financial Year 2016-17 - Nil

CONSOLIDATED FINANCIAL STATEMENTS

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

For all periods up to and including the year ended 31 March, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). The financial statements for the year ended 31 March, 2017 are the first Financial Statements that the Company has prepared in accordance with Ind AS.

AUDITORS AND AUDITORS' REPORT

(a) Statutory Auditors

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

(b) Cost Auditors

Pursuant to Section 148 of the Act, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Power Products are required to be audited by a Cost Accountant in practice. Accordingly your Directors had, on the recommendation of the Audit Committee, appointed M/s. Kiran Chandrakant Naik (FRN 010927), Cost Accountants, to audit the cost accounts of the Company for the FY 2017-18 at a remuneration of INR 2,25,000/- plus taxes, as applicable and reimbursement of actual travel and out-of-pocket expenses. M/s Kiran Chandrakant Naik has confirmed that its appointment is within the prescribed limits. As required under the Act, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Members' approval for the remuneration payable to Mr. Kiran Naik, Cost Auditor is included as part of the Notice convening the AGM.

The Cost Audit for the financial year ended on 31 March, 2017 was conducted by Mr. Kiran Chandrakant Naik, Cost Auditor. The Cost Audit Report does not contain any qualification, reservation or adverse remark.

(c) Secretarial Auditors

Pursuant to Section 204 of the Act, M/s. SARK & Associates, Practising Company Secretaries, having membership no. ACS-22135 of the Institute of Company Secretaries of India and Certificate of Practice No. 9304, was appointed to conduct the Secretarial Audit of the Company, for the financial year ended 31 March, 2017. The Report of the Secretarial Auditor is annexed herewith as **Annexure-C** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

INTERNAL FINANCIAL CONTROLS

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company had documented a comprehensive internal control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with the policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources. The formalized system of control facilitates effective compliance as per relevant provisions of the Companies Act, 2013.

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

BUSINESS RISK MANAGEMENT

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

EXTRACT OF ANNUAL RETURN

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in Note no. 53 to the Financial Statements.

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

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

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration beyond rupees one crore and two lakhs during the year, or if employed for a part of the year, in proportion to the above amount for that part of the year, is provided as **Annexure - F** to the report.

DISCLOSURE REGARDING PREVENTION OF SEXUAL HARASSMENT

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

The Company was not required to spend the stipulated amount on CSR Activities covered under Schedule VII of the Act.

GENERAL

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

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

b. Issue of equity shares with differential rights as to dividend, voting or otherwise.

c. The Managing Director & CEO of the Company has not received any remuneration or commission from any of its subsidiaries.

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

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

ACKNOWLEDGEMENTS

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

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

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

Date: 13 November, 2017
Place: Mumbai

Annexure	Content
A	The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, in the prescribed Form AOC - 2 of Companies (Accounts) Rules, 2014
B	Salient features of Subsidiaries pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 in Form AOC–1.
C	Secretarial Audit Report for the Financial year ended on 31 March, 2017.
D	Extract of Annual Return as on Financial year ended on 31 March, 2017 in Form No. MGT-9.
E	The particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as prescribed under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014
F	Statement showing the names and other particulars of the employees drawing remuneration in terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Annexure A

Form No. AOC-2

Details of Related Party Transaction

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

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

Figures in millons

Details of contracts or arrangements or transactions not at arm's length basis: NA

Details of material contracts or arrangements or transactions at arm's length basis

Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any (amount in INR)	Date(s) of approval by the Board	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Justification for entering into such contracts or arrangements or transactions	Amount paid as advances, if any:
1	Vedanta Limited	Fellow Subsidiary	Purchase of goods	N.A	7,708.67	26.04.2016	N.A since purchased in the ordinary course of business	To fulfill the raw material requirement	N.A
2	Sterlite Power Grid Ventures Limited	Subsidiary	Sale of goods	N.A	3,866.11	26.04.2016	N.A since sold in the ordinary course of business	For sale of goods	99.69

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

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

Date: 13 November, 2017
Place: Mumbai

Annexure B

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

FORM AOC-1 - PART A : SUBSIDIARIES

(INR in million)

S. No.	Name of Subsidiary	The date since when subsidiary was acquired	Country of Incorporation	Reporting currency	Exchange rate (INR)	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investment	Turnover	Profit / (loss) before taxation	Provision for taxation	Profit / (loss) after taxation	Proposed dividend	% of Eq. Holding
1	Sterlite Power Grid Ventures Limited	01/04/2015*	India	INR	NA	0.52	19,172.72	53,014.49	33,841.25	19,484.19	15,775.58	418.18	1.37	416.81	0.00	96.15
2	Sterlite Grid 1 Limited	01/04/2015*	India	INR	NA	176.73	(478.58)	11,741.22	12,043.06	2,122.64	0.00	(2,906.19)	(340.91)	(2,565.28)	0.00	96.15
3	Sterlite Grid 2 Limited	01/04/2015*	India	INR	NA	873.00	(79.59)	3,913.07	3,119.66	2,439.62	0.00	(9.40)	(3.08)	(6.32)	0.00	96.15
4	Sterlite Grid 3 Limited	01/04/2015*	India	INR	NA	0.50	(10.55)	1,990.05	2,000.10	1,461.37	0.01	(0.19)	0.00	(0.19)	0.00	96.15
5	Sterlite Grid 4 Limited	17/06/2015#	India	INR	NA	0.50	(6.28)	2,031.43	2,037.21	631.24	0.00	(3.91)	0.00	(3.91)	0.00	96.15
6	Sterlite Grid 5 Limited	27/09/2016#	India	INR	NA	0.50	(1.64)	0.10	1.24	0.00	0.00	(1.64)	0.00	(1.64)	0.00	96.15
7	East-North Interconnection Company Limited	01/04/2015*	India	INR	NA	0.50	1,212.63	11,527.40	10,314.27	455.09	1,397.23	(17.16)	(6.48)	23.64	0.00	98.11
8	Bhopal Dhule Transmission Company Limited	01/04/2015*	India	INR	NA	6.00	1,669.62	20,690.41	19,014.79	160.04	2,610.39	56.27	167.31	(111.04)	0.00	96.15
9	Jabalpur Transmission Company Limited	01/04/2015*	India	INR	NA	5.50	(794.26)	16,329.09	17,117.85	300.06	2,067.01	(2,219.59)	53.37	(2,273.36)	0.00	96.15
10	Purulia & Kharagpur Transmission Company Limited	01/04/2015*	India	INR	NA	67.54	382.42	4,595.25	4,145.29	0.00	281.21	(8.63)	0.00	(8.63)	0.00	96.15
11	RAPP Transmission Company Limited	01/04/2015*	India	INR	NA	47.71	180.06	2,868.01	2,640.24	0.00	321.38	(23.84)	0.00	(23.84)	0.00	96.15
12	NRSS XXIX Transmission Limited	01/04/2015*	India	INR	NA	212.17	1,831.14	15,619.79	13,576.48	340.11	855.10	528.91	179.51	349.40	0.00	96.15
13	Maheshwaram Transmission Limited	20/07/2015#	India	INR	NA	4.70	205.29	3,267.13	3,057.14	0.00	0.00	(0.34)	0.00	(0.34)	0.00	96.15
14	Odisha Generation Phase-II Transmission Limited	8/04/2016#	India	INR	NA	13.13	1,237.13	7,558.30	6,308.04	0.00	0.00	(0.58)	0.00	(0.58)	0.00	96.15
15	Gurgaon-Palwal Transmission Limited	14/07/2016#	India	INR	NA	6.53	623.12	2,495.44	1,865.81	0.00	0.00	(0.58)	0.00	(0.58)	0.00	96.15
16	Khargone Transmission Limited	22/08/2016#	India	INR	NA	0.50	(0.61)	2,745.92	2,746.03	0.00	0.00	(0.58)	0.00	(0.58)	0.00	96.15
17	NER II Transmission Limited	31/03/2017#	India	INR	NA	0.50	(0.21)	248.54	248.24	0.00	0.00	(0.17)	0.00	(0.17)	0.00	96.15
18	Sterlite Investment Managers Limited	15/09/2016#	India	INR	NA	28.13	(17.87)	100.05	89.79	0.00	0.00	(6.80)	0.00	(5.09)	0.00	100.00

* Appointed Date

\# Date of Acquisition

Names of Subsidiaries which are yet to commence operations - Nil

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

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

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

(INR in thousands)

S. No.	Name of Associate / Joint Ventures	NA
1	Latest audited Balance Sheet date	NA
2	Date on which the Associate or Joint Venture was associated or acquired	NA
3	Shares of Associate/Joint Ventures held by the Company on the year end	NA
a	Number	NA
b	Amount of investment (At face value)	NA
c	% of holding	NA
4	Description of how there is significant influence	NA
5	Reason why the associate / joint venture is not consolidated	NA
6	Networth attributable to shareholding as per latest audited Balance sheet	NA
7	Profit/Loss for the year	NA
a	Considered in consolidation	NA
b	Not considered in consolidation	NA

1. Names of associate or joint ventures which are yet to comemnce operations :- Nil
2. Names of associate or joint ventures which have been liquidated or sold during the year :- Nil

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

	Pravin Agarwal	**Pratik Agarwal**	**Harsh Dinesh Shah**	**Ashok Ganesan**
Place: Mumbai	Chairman	CEO & Managing Director	Chief Financial Officer	Company Secretary
Date: 13 November, 2017	DIN-00022096	DIN- 03040062		

Annexure C

Secretarial Audit Report

Form No. MR-3

For the Financial Year Ended 31 March, 2017
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that, during the audit period for the financial year ended on 31 March, 2017, the Company has complied with the statutory provisions listed hereunder and also the Company has followed proper Board-processes and compliance-mechanism, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2017 according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);

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

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

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

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

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

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

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

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

(vi) No law specifically applicable to company.

We have also examined compliance with the applicable clauses of

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

(ii) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:-

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
2. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
3. Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. In case of shorter notice, the Company has complied with the provisions of section 173 of the Act.
4. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
5. During the audit period:

   (i) The Hon'ble High Court of judicature at Bombay approved the Scheme of Arrangement for demerger of the Power Products and Transmission Grid Business of the Company into Sterlite Power Transmission Limited on 22 April, 2016.

   (ii) Pursuant to board resolution dated 26 April, 2016, the board of directors approved Issue of Commercial Paper to raise fund of INR 1,000,000,000.00 (Rupees One Hundred crore only) and issue of Non-Convertible Debentures of INR 10,000,000,000.00 (Rupees One Thousand crore only).

   (iii) Pursuant of shareholder resolution passed in their meeting held on 20 May, 2017, the company made alteration in the Articles of Association of the company inserting certain new clauses in lieu of funding arrangement with Yes Bank.

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

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

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

3 August, 2017
Mumbai

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

To,
The Members,
Sterlite Power Transmission Ltd.

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

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

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

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

3 August, 2017
Mumbai

Annexure D

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U74120PN2015PLC156643
2.	Registration Date	5 May, 2015
3.	Name of the Company	Sterlite Power Transmission Limited
4.	Category/Sub-category of the Company	Company Limited by Shares / Indian Non-Government Company
5.	Address of the Registered office & contact details	4th Floor, Godrej Millennium, 9 Koregaon Road, Pune-411001, Maharashtra
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Phone No. +91 – 40 – 6716 - 1503 Fax No. +91 - 40 – 2331 - 1968 e-mail id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/ service*	% to total turnover of the company
1	Power Transmission Conductor	3499	82.9%

* As per IEM issued from Department of Industrial Policy and Promotion Ministry of Commerce, New Delhi

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDINGS/ SUBSISIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Twin Star Overseas Ltd; C/O CIM Corporate Services Ltd, Les Cascades Building, Edith Cavell Street, Port Louis	Not Applicable	Holding Company	71.38%	Section 2 (46)
2	Sterlite Investment Managers Limited Add: Malco Industries Limited Sipcot Industrial Complex, Madurai Bye Pass Road Tuticorin, Thoothukudi, Tamil Nadu – 628002	U28113TN2010PLC083718	Subsidiary Company	100.00%	Section 2 (87)
3	Sterlite Power Grid Ventures Limited [1]; Add:- Survey No 68/1, Rakholi Village, Madhuban Dam Road, Silvassa, Dadara Nagar Haveli – 396230	U33120DN2014PLC000454	Subsidiary Company	96.15%	Section 2 (87)

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDINGS/ SUBSISIDIARY/ ASSOCIATE	% of shares held	Applicable Section
4	Sterlite Grid 1 Limited [2]; Add:- 4th Floor, Godrej Millennium, 9, Koregaon Road, Pune, Maharashtra – 411001	U40104PN2010PLC135953	Subsidiary Company	96.15%	Section 2 (87)
5	Sterlite Grid 2 Limited; Add:- E1, MIDC Industrial Area Waluj Aurangabad Maharashtra - 431136	U74999MH2005PLC153211	Subsidiary Company	96.15%	Section 2 (87)
6	Sterlite Grid 3 Limited; Add:- 4th Floor, Godrej Millennium, 9, Koregaon Road, Pune, Maharashtra – 411001	U29130PN2014PLC152212	Subsidiary Company	96.15%	Section 2 (87)
7	Sterlite Grid 4 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29253DL2015PLC281690	Subsidiary Company	96.15%	Section 2 (87)
8	Sterlite Grid 5 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29190DL2016PLC306470	Subsidiary Company	96.15%	Section 2 (87)
9	East-North Interconnection Company Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	L40102DL2007PLC158625	Subsidiary Company	98.11%	Section 2 (87)
10	Bhopal Dhule Transmission Company Limited [2]; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40102DL2009PLC194071	Subsidiary Company	96.15%	Section 2 (87)
11	Jabalpur Transmission Company Limited [2]; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40108DL2009PLC194057	Subsidiary Company	96.15%	Section 2 (87)
12	Purulia & Kharagpur Transmission Company Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40105DL2012GOI246263	Subsidiary Company	96.15%	Section 2 (87)

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDINGS/ SUBSISIDIARY/ ASSOCIATE	% of shares held	Applicable Section
13	RAPP Transmission Company Ltd. Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40105DL2012GOI246546	Subsidiary Company	96.15%	Section 2 (87)
14	NRSS XXIX Transmission Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40106DL2013GOI256050	Subsidiary Company	96.15%	Section 2 (87)
15	Maheshwaram Transmission Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40102DL2014GOI270446	Subsidiary Company	96.15%	Section 2 (87)
16	Odisha Generation Phase-II Transmission Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40300DL2015GOI279183	Subsidiary Company	96.15%	Section 2 (87)
17	Gurgaon-Palwal Transmission Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40300DL2015GOI286783	Subsidiary Company	96.15%	Section 2 (87)
18	Khargone Transmission Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40300DL2015GOI287933	Subsidiary Company	96.15%	Section 2 (87)
19	NER II Transmission Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40106DL2015GOI279300	Subsidiary Company	96.15%	Section 2 (87)

[1] - On 10 August, 2017, the registered office of Sterlite Power Grid Ventures Limited changed to 4th Floor, Godrej Millennium, 9 Koregaon Road, Pune-411001, Maharashtra.
Consequently, the new CIN issued is - U33120PN2014PLC172393

[2] - On 30 May, 2017, Sterlite Grid 1 Limited, Bhopal Dhule Transmission Company Limited and Jabalpur Transmission Company Limited were transferred to India Grid Trust.

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1 April, 2016]				No. of Shares held at the end of the year[As on 31 March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares[1]	Demat	Physical	Total	% of Total Shares[1]	
A. Promoters									
(1) Indian									
(a) Individual/ HUF	0	0	0	0	103248	0	103248	0.17	0.17
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	0	[2]250000	250000	100	952859	0	952859	1.56	(98.44)
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any other	0	0	0	0	1844096	0	1844096	3.01	3.01
Sub-total (A)(1):-	**0**	**250000**	**250,000**	**100**	**2900203**	**0**	**2900203**	**4.74**	**(95.26)**
(2) Foreign					0	0	0	0	0
(a) NRIs- Individuals	0	0	0	0	0	0	0	0	0
(b) Other-individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	43670398	0	4367039	71.38	71.38
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	**0**	**0**	**0**	**0**	**43670398**	**0**	**43670398**	**71.38**	**71.38**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**0**	**250000**	**250000**	**100**	**46570601**	**0**	**46570601**	**76.12**	**(23.88)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	3317	0	3317	0.01	0.01
b) Banks / FI	0	0	0	0	16004	0	16004	0.03	0.03
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	100	0	100	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	31185	0	31185	0.05	0.05
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**50606**	**0**	**50606**	**0.08**	**0.08**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	1240272	0	1240272	2.03	2.03
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto INR 1 lakh	0	0	0	0	11332699	1249771	12582470	20.57	20.57

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1 April, 2016]				No. of Shares held at the end of the year[As on 31 March, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares[1]	Demat	Physical	Total	% of Total Shares[1]	
ii) Individual shareholders holding nominal share capital in excess of INR 1 lakh	0	0	0	0	629186	0	629186	1.03	1.03
c) Others (Trusts, Non Resident Indians, Clearing Members, Non Resident Indian Non Repatriable)	0	0	0	0	108767	0	108767	0.18	0.18
Sub-total (B)(2):-	**0**	**0**	**0**	**0**	**13310924**	**1249771**	**14560695**	**23.80**	**23.80**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**13361530**	**1249771**	**14611301**	**23.88**	**23.88**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**0**	**250000**	**250000**	**100**	**59932131**	**1249771**	**61181902**	**100**	**Nil**

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

[2] The physical shares held by Bodies Corporates as on 1 April, 2016 have been cancelled as per the scheme of Arrangement duly approved by the Hon'ble High Court of Bombay.

ii) Shareholding of Promoter-

SL. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 1 April, 2016]			Shareholding at the end of the year [As on 31 March, 2017]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	[1] Sterlite Technologies Limited	250000	100.00	0	0	0	0	100.00%
2	Twin Star Overseas Ltd.	0	0	0	43670398	71.38	0	100.00%
	Total	**250000**	**100.00**	**Nil**	**43670398**	**71.38**	**Nil**	**Nil**

[1] The physical shares held by Sterlite Technologies Limited as on 1 April, 2016 have been cancelled as per the scheme of Arrangement duly approved by the Hon'ble High Court of Bombay.

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

SL. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	250000	100.00 [1]	Nil	Nil[1]
2.	Date wise Increase / Decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	43420398	71.38	43420398	71.38
3.	At the end of the year	43670398	71.38	43670398	71.38

[1] The physical shares held by the Promoters as on 1 April, 2016 have been cancelled and new shares have been allotted during the year as per the scheme of Arrangement duly approved by the Hon'ble High Court of Bombay.

iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs)

SL. No.	N.A.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	**STERLITE TECHNOLOGIES LIMITED - UNCLAIMED SUSPENSE**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	430861	0.70	430861	0.70
	At the end of the year (or on the date of separation, if separated during the year)	430861	0.70	430861	0.70
2.	**NAGREEKA SYNTHETICS PRIVATE LIMITED**	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	151577	0.25	151577	0.25
	At the end of the year (or on the date of separation, if separated during the year)	151577	0.25	151577	0.25

SL. No.	N.A.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	**DILIPKUMAR LAKHI JOINTLY WITH KARUNA LAKHI**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	119399	0.20	119399	0.20
	At the end of the year (or on the date of separation, if separated during the year)	119399	0.20	119399	0.20
4.	**MAHENDRA PATWARI**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	90079	0.15	90079	0.15
	At the end of the year (or on the date of separation, if separated during the year)	90079	0.15	90079	0.15
5.	**DILEEP MADGAVKAR JOINTLY WITH ANASUYA MADGAVKAR**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	78800	0.13	78800	0.13
	At the end of the year (or on the date of separation, if separated during the year)	78800	0.13	78800	0.13
6.	**SUSHIL PATWARI**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	75387	0.12	75387	0.12
	At the end of the year (or on the date of separation, if separated during the year)	75387	0.12	75387	0.12

SL. No.	N.A.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7.	JITEN PRAVIN SHETH JOINTLY WITH NISHA JITEN SHETH	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	72000	0.12	72000	0.12
	At the end of the year (or on the date of separation, if separated during the year)	72000	0.12	72000	0.12
8.	NAGREEKA SYNTHETICS PVT LTD	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	71276	0.12	71276	0.12
	At the end of the year (or on the date of separation, if separated during the year)	71276	0.12	71276	0.12
9.	GIRDHARILAL SEKSARIA	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	65200	0.11	65200	0.11
	At the end of the year (or on the date of separation, if separated during the year)	65200	0.11	65200	0.11
10.	KRISHAN GUPTA JOINTLY WITH GEETA KRISHAN GUPTA	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	64700	0.11	64700	0.11
	At the end of the year (or on the date of separation, if separated during the year)	64700	0.11	64700	0.11

v) Shareholding of Directors and Key Managerial Personnel:

For each of Directors and Key Managerial Personnel –	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. Mr. Anand Gopaldas Agarwal jointly with Ms. Shalini Agarwal				
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	93704	0.15%	93704	0.15%
At the end of the year	93704	0.15%	93704	0.15%
2. Mr. Pravin Agarwal				
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	835427	1.37%	835427	1.37%
At the end of the year	835427	1.37%	835427	1.37%
3. Mr. Pratik Pravin Agarwal				
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	631912	1.03%	631912	1.03%
At the end of the year	631912	1.03%	631912	1.03%

V) INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11485.60	2500.00	Nil	13985.60
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	109.20	Nil	Nil	Nil
Total (i+ii+iii)	**11594.80**	**2500.00**	**Nil**	**14094.80**
Change in Indebtedness during the financial year				
Addition	2000.00	Nil	Nil	2000.00
Reduction	2635.20	2500.00	Nil	5135.20
Net Change	(635.20)	(2500.00)	Nil	(3135.20)
Indebtedness at the end of the financial year				
i) Principal Amount	10938.00	Nil	Nil	10938.00
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	21.60	Nil	Nil	21.60
Total (i+ii+iii)	**10959.60**	**Nil**	**Nil**	**10959.60**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

(Amount in INR)

SL. No.	Particulars of Remuneration	Mr. Pratik Agarwal
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,92,31,342.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	28,800
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00
2	Stock Option	0.00
3	Sweat Equity	0.00
4	Commission - as % of profit - others, specify...	0.00
5	Others, please specify	0.00
	Total (A)	**1,92,60,142.00**
	Ceiling as per the Act*	N/A

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

B. Remuneration to other directors

(Amount in INR)

	Particulars of Remuneration	Name of Directors			Total Amount
	Independent Directors	Mr. Arun Todarwal	Mr. Lalit Narayan Tandon	Ms. Avaantika Kakkar	
1.	Fee for attending board / committee meetings	1,50,000.00	80,000.00	1,20,000.00	3,50,000.00
	Commission	0.00	0.00	0.00	0.00
	Others, please specify	0.00	0.00	0.00	0.00
	Total (1)	**1,50,000.00**	**80,000.00**	**1,20,000.00**	**3,50,000.00**
2.	Other Non-Executive Directors	N.A.	N.A.	N.A.	N.A
	Fee for attending board / committee meetings	N.A.	N.A.	N.A.	N.A
	Commission	N.A.	N.A.	N.A.	N.A
	Others, please specify	N.A.	N.A.	N.A.	N.A
	Total (2)	**N.A.**	**N.A.**	**N.A.**	**N.A.**
	Total Managerial Remuneration = (1+2)	1,50,000.00	80,000.00	1,20,000.00	3,50,000.00
	Overall Ceiling as per the Act [1]	N/A	N/A	N/A	N/A

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

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

(Amount in INR)

SL. No.	Particulars of Remuneration	Mr. Swapnil Patil
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,59,587.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00
2	Stock Option	0.00
3	Sweat Equity	0.00
4	Commission - as % of profit - others, specify...	0.00
5	Others, please specify	0.00
	Total (A)	**5,59,587.00**
	Ceiling as per the Act*	N/A

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

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

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

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

	Pravin Agarwal	**Pratik Agarwal**
Date: 13 November, 2017	Chairman	CEO & Managing Director
Place: Mumbai	DIN-00022096	DIN- 03040062

Annexure E

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

A. Conservation of energy.

1. **The steps taken or impact on conservation of energy:**

    - VFD and automatic control in pumps for controlling leading to energy saving.
    - The plants have been installed with additional APFC panel to improve PF to 0.997.
    - HVAC system is equipped with VFD and controlled by Velocity sensor to conserve energy, also equipped all other drives wherever possible.
    - Arrested air leakages and saved energy in running air compressors.
    - Power saving done by improving cooling efficiency by descaling and optimizing piping route of cooling towers.
    - Replaced the traditional Lights (Incandescent), HPMV, MH (250W & 150W) with Energy Efficient LED lights (150W & 75W) at Shop floor & office and reduced Energy Consumption.

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

    - Installation of Auto DG starts during power failure.
    - Transparent Roof Sheet is installed in Plant for more Sun Light in day time to increase the illumination level in plant & to reduce the usage of Overhead lights in day time.

3. **The capital investment on energy conservation equipment's.**

    - Investment on Pump house panel with Variable Frequency Drives and automatic technology.
    - New factory shed – Investment in LED High Bay lights also on shop floor / office space where ever possible
    - New Capex purchased with energy saving drives instead of conventional DC motors and DC drives.

B. TECHNOLOGY ABSORPTION

1. **The efforts made towards technology absorption**

    - • Productivity improvement doubled in drawing section through technology upgrade. Upgrade done on all the machines at drawing section.
    - Installed the modernized Boogie movement Aging furnace for optimizing the energy Vs Output. PID Temperature control with Timer in all cycle process and Product aging capacity Enhanced. This enhanced product aging capacity from 12 MT to 15 MT.
    - Introduced new Konforming technology in Conductor line for Products, through this technology the aging cycle optimized.
    - Effluent Treatment Plant installed and commissioned for treatment of waste water discharged from DM plant.
    - Online monitoring of process parameters, Machine performance and Energy Consumption initiated for effective control.
    - Unique Features in new capex are individual motors in each cage for getting desired lay length of Conductor, Bobbin brake Auto tension control system for Wire diameter control & Hard Chrome Capstan groove for scratch free Conductor.
    - Water Chillers for cooling water to improve the productivity.

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

- Productivity improvement doubled in drawing section through technology upgrade. Upgrade done on all the machines at drawing section.
- Installed the modernized Boogie movement Aging furnace for optimizing the energy Vs Output. PID Temperature control with Timer in all cycle process and Product aging capacity Enhanced. This enhanced product aging capacity from 12 MT to 15 MT.
- Introduced new Konforming technology in Conductor line for Products, through this technology the aging cycle optimized.
- Effluent Treatment Plant installed and commissioned for treatment of waste water discharged from DM plant.
- Online monitoring of process parameters, Machine performance and Energy Consumption initiated for effective control.
- Unique Features in new capex are individual motors in each cage for getting desired lay length of Conductor, Bobbin brake Auto tension control system for Wire diameter control & Hard Chrome Capstan groove for scratch free Conductor.
- Water Chillers for cooling water to improve the productivity.

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

a. The details of technology imported

- CCV – Maillefer Finland.
- 91B RST – Caballe Spain.

b. The year of import

- CCV – Maillefer Finland. Year of Import - 2016-17.
- 91B RST – Caballe Spain – Year of Import 2014.

c. Whether the technology been fully absorbed

Yes

4. The expenditure incurred on Research and Development

Capital – INR 5.8 million for compact conductor. Resulting in yearly savings of INR 7.0 million /year

III. Foreign Exchange Earning and outgo

The foreign exchange earned in terms of actual inflows during the year	= INR 4584.90 million
Foreign exchange outgo during the year in terms of actual outflows	= INR 6440.30 million

CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY OF THE COMPANY ON CODE OF GOVERNANCE

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

The Company has a three-tier governance structure:

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

2. BOARD OF DIRECTORS

As on the date of this report, the Board of Directors comprises of 6 (Six) Directors, of which 3 (Three) are Independent Directors.

Mr. Pratik Agarwal was appointed as Managing Director & Chief Executive Officer of the Company w.e.f. 1 June, 2016 by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 20 May, 2016.

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

3. DISCLOSURES/INTEREST IN OTHER COMPANIES

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

4. MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, 9 (Nine) Board meetings were duly convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. The dates on which these meetings were held are 26 April, 2016, 26 May, 2016, 8 July, 2016, 25 July, 2016, 19 August, 2016, 24 August, 2016, 23 November, 2016, 15 February, 2017 and 2 March, 2017.

Table of Attendance:

Sr. No.	Name of Directors	Designation	No. of Board Meetings held during FY 2016-17	
			Held	Attended
1	Mr. Pravin Agarwal	Director	9	9
2	Dr. Anand Agarwal	Director	9	9
3	Mr. Anupam Jindal[1]	Director	9	4
4	Mr. Pratik Agarwal[2]	CEO & Managing Director	9	7
5	Mr. Arun Todarwal[3]	Independent Director	9	5
6	Mr. Lalit Narayan Tandon[3]	Independent Director	9	3
7	Ms. Avaantika Kakkar[3]	Independent Director	9	5

[1] ceased to be Director w.e.f. 25 July, 2016
[2] appointed as CEO & Managing Director w.e.f. 1 June, 2016
[3] appointed as Independent Director w.e.f. 25 July, 2016

5. COMMITTEES OF THE BOARD

a) Audit Committee

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

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

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

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

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

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

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

v. Scrutiny of inter corporate loans and investments;

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

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

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

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

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

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

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

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

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

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

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

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

During the year under review, 3 (Three) Audit Committee Meetings were duly convened and held. The Board of Directors has accepted all the recommendations of the Audit Committee during the FY 2016-17. The dates on which these meetings were held are 24 August, 2016, 22 November, 2016 and 14 February, 2017.

Table of Attendance:

Sr. No.	Name of Directors	Designation	No. of Board Meetings held during FY 2016-17	
			Held	Attended
1	Mr. Arun Todarwal	Chairman	3	3
2	Mr. Lalit Narayan Tandon	Member	3	2
3	Mr. Pravin Agarwal	Member	3	3

b) Nomination and Remuneration Committee

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

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

The Terms of Reference of the Committee are as follows:

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

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

iii. Devising a policy on Board diversity;

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

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

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

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

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

During the year under review, 2 (Two) Nomination & Remuneration Committee Meetings were duly convened and held on 19 August, 2016 and 24 August, 2016.

Table of Attendance:

Sr. No.	Name of Directors	Designation	No. of Board Meetings held during FY 2016-17	
			Held	Attended
1	Mr. Arun Todarwal	Chairman	2	2
2	Ms. Avaantika Kakkar	Member	2	2
3	Mr. Lalit Narayan Tandon	Member	2	0

Policy for selection and appointment of directors and their remuneration

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

a. **Appointment criteria and qualification:**

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

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

b. **Term:**

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

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

c. **Removal:**

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

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

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

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

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

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

c) Stakeholders Relationship Committee

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

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

The Terms of Reference of the Committee are as follows:

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

ii. To authorize printing of Share Certificates;

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

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

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

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

d) Banking and Authorization Committee

The Banking and Authorization Committee comprising of following members was constituted on 24 August, 2016.

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

The Terms of Reference of the Committee are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

During the year under review, 4 (Four) Banking and Authorization Committee Meetings were duly convened and held on 24 August, 2016, 20 September, 2016, 23 November, 2016 and 14 February, 2017.

Table of Attendance:

Sr. No.	Name of Directors	Designation	No. of Board Meetings held during FY 2016-17	
			Held	Attended
1	Mr. Pravin Agarwal	Chairman	4	4
2	Dr. Anand Agarwal	Member	4	4
3	Mr. Pratik Agarwal	Member	4	4

e) Allotment Committee

The Allotment Committee comprising of following members was constituted on 22 August, 2017:

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

The Terms of Reference of the Committee are as follows:

i) Allot Shares / Securities of the Company.

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

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

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

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

During the year under review, 1 (One) Allotment Committee Meeting was duly convened and held on 22 August, 2016. All the members of the committee were present in the meeting.

6. SEPARATE MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Act, a separate meeting of the Independent Directors of the Company was held on 9 August, 2017 for the financial year 2016-17 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties.

7. BOARD EVALUATION

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

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

8. INDUCTION AND TRAINING OF BOARD MEMBERS

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

9. GENERAL BODY MEETING

Particulars of Annual General Meeting:

The Company was incorporated on 5 May, 2015, the details of the first Annual General Meeting are furnished below:

Date	Venue	Time	Resolutions that were passed with requisite majority
17 August, 2016	4th Floor, Godrej Millennium, 9, Koregaon Road, Pune- 411001, Maharashtra, India.	11.00 A.M	1. Adoption of financial statements 2. Re-appointment of Dr. Anand Agarwal as director of the company 3. Appointment of statutory auditors 4. Appointment of Mr. Arun Lalchand Todarwal as an independent director 5. Appointment of Ms. Avaantika Rajesh Kakkar as an independent director 6. Appointment of Mr. Lalit Narayan Tandon as an independent director 7. Payment of commission to non-executive directors of the company for the FY 2016-17

Details of resolutions passed by Postal Ballot

During the FY 16-17, no matter was passed through Postal Ballot. However, post FY17, the Company was required to alter the Memorandum of Association, the same was altered by passing a special resolution through postal ballot. The Company had provided facility of e-voting pursuant to provisions of the Act to its members. Mr. B. Narasimhan, scrutinizer was appointed by the Company to monitor and review the e-voting process. On completion of e-voting process, the Scrutinizer presented a report to the Chairman / Managing Director and CEO.

10. SUBSIDIARY COMPANIES

The Company has 18 subsidiaries as on 31 March, 2017. The Annual Financial Statements of the subsidiary companies are placed before the Audit Committee and the Board of the Company. Significant issues pertaining to all subsidiary companies are also discussed at the Audit Committee meetings. The performance of all its subsidiaries is also quarterly reviewed by the Board. The minutes of all the subsidiary companies are placed before the Board and the attention of the directors is drawn to significant transactions and arrangements entered into by the subsidiary companies.

11. RELATED PARTY TRANSACTIONS

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

All transactions entered into with Related Parties as defined under the Act during the FY17 were in the ordinary course of business and on an arm's length basis. Suitable disclosures as required under the applicable Accounting Standards have been made in the notes to the Financial Statements. The Board has approved the policy on Related Party Transactions, and the same can be viewed on the Company's website, that is, www.sterlitepower.com.

12. IMPLEMENTATION OF CODE OF CONDUCT

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

13. VIGIL MECHANISM

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

14. DISCLOSURES

a. The Company has not received any complaints relating to child labour, forced labour, involuntary labour during the FY17.

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

15. GENERAL SHAREHOLDER INFORMATION

Distribution of Shareholding as on 31 March, 2017

Sr. No.	Category	Cases	% of Cases	No. of shares	% of shareholding
1	upto 1 - 5000	1,07,821	99.65	2,15,33,866.00	17.60
2	5001 - 10000	225	0.21	16,01,470.00	1.31
3	10001 - 20000	85	0.08	11,61,188.00	0.95
4	20001 - 30000	22	0.02	5,24,520.00	0.43
5	30001 - 40000	14	0.01	5,08,264.00	0.42
6	40001 - 50000	6	0.01	2,56,302.00	0.21
7	50001 - 100000	11	0.01	7,95,660.00	0.65
8	100001 & ABOVE	20	0.02	9,59,82,534.00	78.44
	Total	**1,08,204**	**100.00**	**12,23,63,804.00**	**100.00**

Equity holding pattern as on 31 March, 2017

Name	Total Shares	% To Equity
Promoter		
Promoter	43670398	71.38
Promoter Group	2900203	4.74
Total of Promoter & Promoter Group (A)	**46570601**	**76.12**
Public Shareholders		
Institutions	50606	0.08
Non-Institutions	13320423	21.77
Body Corporates	1240272	2.03
Total (B)	**14611301**	**23.88**
Total (A) + (B)	**61181902**	**100.00**

Dematerialization of Shares and Liquidity

As on 31 March, 2017, 5,99,32,131 equity shares representing 97.96% of total equity capital were held in electronic form. The Shareholders can hold the shares in demat form either through NSDL or CDSL. The ISIN allotted to the equity shares of the Company is INE110V01015.

Details of outstanding shares in the Unclaimed Suspense Account

The Company reports the following details in respect of equity shares lying in the suspense account – (figures in millions)

Particulars	Total No. of Shareholders	Shares lying in Unclaimed Suspense Account
As on 1 April, 2016 (August 2016)	5430	430861
Shareholders approached for transfer/ delivery during FY 17	-	-
Shares transferred/delivered during FY 17	-	-
Balance as on 31 March, 2017	5430	430861

Share Transfer System

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

Registrar & Transfer Agents

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

Karvy Computershare Private Limited
Karvy Selenium Tower-B, Plot No. 31 & 32,
Financial District, Gachibowli, Nanakramguda, Serilingampally,
Hyderabad 500 008, India.

Phone No.: 040 67161524, E-mail: einward.ris@karvy.com

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

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

Registered Office:
4th Floor, Godrej Millennium,
9, Koregaon Road, Pune – 411 001.
Maharashtra, India.

Plant Locations:

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

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of
Sterlite Power Transmission Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Sterlite Power Transmission Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the standalone Ind AS financial statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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.

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 March, 2017, of its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 45 to the standalone Ind AS financial statements which describes the accounting for merger which has been done as per the Scheme of arrangement approved by the High Court. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

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

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

   (c) The standalone Balance Sheet, standalone Statement of Profit and Loss including the Statement of Other Comprehensive Income, the standalone Cash Flow Statement and standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the standalone Ind AS financial statements;

   (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 Companies (Indian Accounting Standard) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on 31 March, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

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

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 20 and Note 39 to the standalone Ind AS financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 20 to the standalone Ind AS financial statements;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. The Company has provided requisite disclosures in Note 44 to these standalone Ind AS financial statements as to the holdings of Specified Bank Notes on 8 November, 2016 and 30 December, 2016 as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

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

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

Place: London
Date: May 29, 2017

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

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

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

(b) Fixed assets were physically verified by the management in the earlier year (before demerger of power products and solutions business from Sterlite Technologies Limited into the Company as explained in Note 45 to the standalone Ind AS financial statements) in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

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

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

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

(iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees and securities given in respect of which provisions of section 185 of the Companies Act 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits from the public.

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

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

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

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

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

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

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

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

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

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

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon.

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

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

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

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

Place: London
Date: May 29, 2017

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

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

We have audited the internal financial controls over financial reporting of Sterlite Power Transmission Limited ("the Company") as of 31 March, 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: London
Date: May 29, 2017

BALANCE SHEET

as at 31 March, 2017

(All amounts in INR million unless otherwise stated)

(INR in million)

Particulars	Note No.	31 March, 2017	31 March, 2016	1 April, 2015
ASSETS				
Non-current assets				
Property, plant & equipment	3	2,326.91	2,453.98	2,594.90
Capital work-in-progress	3	403.44	4.91	29.81
Goodwill	4,5	1,427.88	1,903.82	2,379.79
Other intangible assets	4	2.85	1.50	0.73
Financial assets				
i. Investments	6	25,292.93	20,258.38	12,787.50
ii. Other financial assets	9	11.08	10.91	11.77
Other non-current assets	10	64.38	137.83	103.01
Total non current assets		**29,529.47**	**24,771.33**	**17,907.51**
CURRENT ASSETS				
Inventories	11	1,738.43	2,151.70	2,366.52
Financial assets				
i. Investments	6	-	500.00	-
ii. Loans	7	193.47	273.28	-
iii. Trade receivables	8	4,549.58	4,030.84	4,120.94
iv. Cash and cash equivalents	12	451.66	1,394.54	19.08
v. Other bank balances	13	386.17	136.54	-
vi. Other financial assets	9	773.05	56.96	45.03
Other current assets	10	575.09	652.91	939.28
Total current assets		**8,667.45**	**9,196.77**	**7,490.85**
TOTAL ASSETS		**38,196.92**	**33,968.10**	**25,398.36**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	122.36	-	-
Share Capital suspense account	15	-	8,880.92	8,880.92
Other equity				
i. Securities premium	16	6,748.37	-	-
ii. Retained earnings	16	(1,369.99)	(967.68)	(50.72)
iii. Other reserves	16	9,278.12	4,763.98	(528.79)
Total Equity		**14,778.86**	**12,677.22**	**8,301.41**
Liabilties				
Non-current liabilities				
Financial liabilities				
i. Borrowings	17	5,154.89	4,330.51	5,624.29
ii. Other financial liabilities	20	205.96	-	-
Employee benefit obligations	21	21.09	18.77	22.75
Deferred tax liabilities (net)	22	2,937.21	1,890.93	282.43
Total non-current liabilities		**8,319.15**	**6,240.21**	**5,929.47**
Current liabilities				
Financial Liablities				
i. Borrowings	18	5,566.32	7,900.01	7,518.07
ii. Trade payables	19	3,820.56	2,599.14	596.95
iii. Other financial liabilities	20	4,084.18	3,104.07	1,687.35
Employee benefit obligations	21	32.01	20.80	14.12
Other current liabilities	23	1,595.84	1,426.65	1,350.99
Total current liabilities		**15,098.91**	**15,050.67**	**11,167.48**
TOTAL EQUITY AND LIABILITIES		**38,196.92**	**33,968.10**	**25,398.36**
Summary of significant accounting policies	2.2			

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Per Paul Alvares
Partner
Membership Number : 105754

Place: London
Date: 29 May, 2017

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

Pravin Agarwal
Director
DIN : 00022096

Pratik Agarwal
CEO & Managing Director
DIN : 03040062

Harsh Shah
Chief Financial Officer

Ashok Ganesan
Company Secretary

Place: New Delhi
Date: 29 May, 2017

STATEMENT OF PROFIT AND LOSS

for the year ended 31 March, 2017

(All amounts in INR million unless otherwise stated)

(INR in million)

Particulars	Note No.	31 March, 2017	31 March, 2016
INCOME			
Revenue from operations	24	23,074.63	25,100.17
Other income	26	7.70	23.85
Total income (I)		**23,082.33**	**25,124.02**
EXPENSES			
Cost of raw material and components consumed	27	15,223.92	17,710.62
Purchase of traded goods and Subcontracting charges	28	857.21	340.63
(Increase) / decrease in inventories of finished goods work-in-progress and traded goods	29	197.91	126.95
Excise duty on sale of goods		1,863.26	1,763.25
Employee benefits expense	30	495.82	366.45
Other expenses	31	2,543.42	3,193.19
Total expenses (II)		**21,181.54**	**23,501.09**
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		**1,900.79**	**1,622.93**
Depreciation and amortisation expense	32	788.62	820.31
Finance costs	33	1,751.94	1,732.10
Finance income	25	(56.75)	(8.55)
(Loss) before exceptional items and tax from Continuing operations		(583.02)	(920.92)
Loss before tax		**(583.02)**	**(920.92)**
Tax expense:			
(i) Current tax		-	-
(ii) Deferred tax		(182.11)	-
Income tax expense		**(182.11)**	**-**
Loss for the year		**(400.91)**	**(920.92)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on cash flow hedges		360.05	(598.45)
Income tax effect		(124.61)	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**235.44**	**(598.45)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain/(loss) on defined benefit plans		(1.40)	3.96
Income tax effect		-	-
		(1.40)	**3.96**
Net gain/(loss) on FVTOCI equity securities		4,784.03	6,970.92
Income tax effect		(1,103.77)	(1,608.50)
		3,680.26	**5,362.42**
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**3,678.86**	**5,366.38**
Other comprehensive income for the year		**3,914.29**	**4,767.93**
Total comprehensive income for the year		**3,513.38**	**3,847.01**
Earnings per equity share [nominal value of share INR 2]	34		
Basic			
Computed on the basis of loss for the year (INR)		(6.55)	(15.05)
Diluted			
Computed on the basis of loss for the year (INR)		(6.55)	(15.05)
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements
As per our report of even date

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

Per Paul Alvares
Partner
Membership Number : 105754

Place: London
Date: 29 May, 2017

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

Pravin Agarwal
Director
DIN : 00022096

Pratik Agarwal
CEO & Managing Director
DIN : 03040062

Harsh Shah
Chief Financial Officer

Ashok Ganesan
Company Secretary

Place: New Delhi
Date: 29 May, 2017

CASH FLOW STATEMENT

for the year ended 31 March, 2017

(All amounts in INR million unless otherwise stated)

(INR in million)

Particulars	Note No.	31 March, 2017	31 March, 2016
A. Cash flow from operating activities			
Net Loss as per statement of profit and loss		**(400.91)**	**(920.92)**
Adjustment for taxation		(182.11)	-
Loss before tax		**(583.02)**	**(920.92)**
Non-cash adjustment to reconcile loss before tax to net cash flows			
Depreciation and amortisation expenses	32	785.37	820.41
Provision for doubtful debts and advances	31	86.93	49.92
Profit on sale of tangible assets	26	(4.74)	(1.35)
Balances no longer payable written back	26	-	(18.10)
Bad debts / advances written off	31	6.87	4.60
Finance costs	33	1,751.94	1,732.10
Finance income	25	(56.75)	(8.55)
Unrealized exchange difference		42.61	255.79
		2,612.23	**2,834.81**
Operating profit before working capital changes		2,029.21	1,913.89
Movements in working capital :			
Increase/(decrease) in trade payables		1,202.30	1,916.90
Increase/(decrease) in Employee benefit obligation		12.14	6.66
Increase/(decrease) in other current liability		169.19	83.44
Increase/(decrease) in other current financial liability		(90.01)	185.66
Decrease/(increase) in trade receivables		(692.25)	(4.40)
Decrease/(increase) in inventories		416.27	214.70
Decrease/(increase) in other current financial assets		(302.92)	(11.93)
Decrease/(increase) in other non current financial assets		1.05	0.86
Decrease/(increase) in other current assets		77.82	12.30
Decrease/(increase) in other non current assets		107.05	(21.46)
Change in working capital		900.63	2,382.73
Cash generated from operations		**2,929.84**	**4,296.63**
Direct taxes paid (net of refunds)		(27.54)	(9.60)
Net cash flow from operating activities		**2,902.29**	**4,287.03**
B. Cash flow from investing activities			
Purchase of property plant and equipment, including capital work-in-progress and capital advances		(378.81)	(194.11)
Proceeds from sale of tangible assets		9.96	16.00
Proceeds of current investments (net)		520.12	(500.00)
Investment in subsidiaries		(138.08)	(500.00)
Investment in other		(112.45)	-
Investment in bank deposits (having original maturity of more than three months)		-	(131.30)
Loans given to related parties		(162.50)	(2.10)
Repayment of advances from subsidiaries		251.71	-
Interest received		18.33	15.90
Net cash flow from / (used in) investing activities		**8.28**	**(1,295.61)**

CASH FLOW STATEMENT

for the year ended 31 March, 2017

(All amounts in INR million unless otherwise stated)

(INR in million)

Particulars	Note No.	31 March, 2017	31 March, 2016
C. Cash flow from financing activities			
Proceeds of long term borrowings		1,999.99	2008.00
Repayment of long term borrowings		(1,755.89)	(2354.50)
Proceeds/(repayment) of short term borrowings (net)		(2,333.69)	370.90
Interest paid		(1,763.90)	(1626.38)
Net cash used in financing activities		(3,853.49)	(1,601.98)
Net increase/(decrease) in cash and cash equivalents		(942.88)	1,389.44
Cash and cash equivalents as at beginning of year (refer note 45)		1,394.54	5.10
Cash and cash equivalents as at year end *		**451.66**	**1,394.54**
Components of cash and cash equivalents:			
Balances with banks:			
On current accounts		421.25	894.20
Deposit with original maturity of less than 3 months		30.00	500.00
Cash in hand		0.41	0.34
Total cash and cash equivalents (refer note 12)		**451.66**	**1,394.54**

As per our report of even date.

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

Per Paul Alvares
Partner
Membership Number : 105754

Place: London
Date: 29 May, 2017

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

Pravin Agarwal
Director
DIN : 00022096

Pratik Agarwal
CEO & Managing Director
DIN : 03040062

Harsh Shah
Chief Financial Officer

Ashok Ganesan
Company Secretary

Place: New Delhi
Date: 29 May, 2017

STATEMENT OF CHANGES IN EQUITY

(All amounts in INR million unless otherwise stated)

A. EQUITY SHARE CAPITAL

Equity shares of INR 2 each issued, subscribed and fully paid	No. in Millions	INR in Millions
At 1 April, 2015*	**-**	**-**
Issued during the year*	-	-
At 31 March, 2016*	**-**	**-**
Issued during the year	61.18	122.36
At 31 March, 2017	**61.18**	**122.36**

B. OTHER EQUITY

Particulars	Securities Premium	Retained Earnings	FVTOCI reserve	Cash Flow Hedge Reserve
As at 1 April, 2015	**-**	**(50.72)**	**-**	**(528.79)**
Loss for the year	-	(920.92)	-	-
Other comprehensive income	-	3.96	5,362.43	(598.45)
Total comprehensive income	**-**	**(916.96)**	**5,362.43**	**(598.45)**
Recycled to statement of profit and loss	-	-	-	528.79
As at 31 March, 2016	**-**	**(967.68)**	**5,362.43**	**(598.45)**
Loss for the year	-	(400.91)	-	-
Other comprehensive income	-	(1.40)	3,680.26	235.44
Total comprehensive income	**-**	**(402.31)**	**3,680.26**	**235.44**
Add: Shares issued on demerger (Refer note- 45)	6,748.37	-	-	-
Recycled to statement of profit and loss	-	-	-	598.45
As at 31 March, 2017	**6,748.37**	**(1,369.99)**	**9,042.69**	**235.44**

* Refer Note 15

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

Per Paul Alvares
Partner
Membership Number : 105754

Place: London
Date: 29 May, 2017

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

Pravin Agarwal
Director
DIN : 00022096

Pratik Agarwal
CEO & Managing Director
DIN : 03040062

Harsh Shah
Chief Financial Officer

Ashok Ganesan
Company Secretary

Place: New Delhi
Date: 29 May, 2017

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

1. CORPORATE INFORMATION

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

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

The standalone Ind AS financial Statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Company on 29 May, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

For all periods up to and including the year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March, 2017 are the first the Company has prepared in accordance with Ind AS. Refer note 46 for information on how the Company adopted Ind AS.

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

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Goodwill

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

b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

c) Foreign currencies

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

d) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

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

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

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

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

- Disclosures for valuation methods, significant estimates and assumptions (note 35, 47, 48)
- Quantitative disclosures of fair value measurement hierarchy (note 48)
- Investment in mutual funds (note 6)
- Financial instruments (including those carried at amortised cost) (note 6, 7, 8, 9, 12, 13, 17, 18, 19, 20, 47, 48)

e) Revenue Recognition

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

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

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

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

Sale of goods

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

Rendering of services

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

Revenue from projects

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

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

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

Interest income

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

Dividends

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

f) Government grants

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

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

g) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures,

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for the year ended 31 March, 2017

when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside of profit or loss is recognised outside of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Company and the same taxation authority.

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

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

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

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

h) Property, plant and equipment

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

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

Expenditure directly relating to construction activity is capitalised. Indirect expenditure

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incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Category	Useful Life considered	Useful life (Schedule II#)
Buildings (Factory/Office)	30/60 Years	30/60 Years
Plant and Machinery (Excluding S. No. 8 and 9)	3 - 20 Years *	Continous process plant -25 Years Others - 15 Years
Furniture and fixtures	7.5 - 10 Years *	10 Years
Data processing equipments	3 - 5 Years *	Service and networks -6 years and Desktops and laptop etc - 3 Years
Office equipment	4 - 5 Years *	5 Years
Electric fittings	4 - 10 Years *	10 Years
Vehicles	4 - 5 Years *	8 Years

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

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

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

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

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

i) Intangible Assets

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

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

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

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as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

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

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

Customer acquisition costs consist of payments made to obtain consents/permissions for laying of fiber cables and other telecom infrastructure in residential and commercial complexes/townships. Such cost is amortized over the period of the consent/permission on a straight line basis.

Softwares are amortised on a straight line basis over a period of five to six years. Goodwill on amalgamation is amortised on a straight line basis over a period of five years from the date of amalgamation as per the Court Order (refer Note 45E).

Research costs are expensed as incurred.

j) Borrowing Costs

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

k) Leases

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

For arrangements entered into prior to 1 April, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.2.j).

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

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

l) Inventories

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

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

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

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

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

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

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

m) Impairment of non-financial assets

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

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

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

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

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

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

Impairment is determined for goodwill by assessing the recoverable amount of each CGU

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

n) Provisions

General

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

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

o) Retirement and other employee benefits

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

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

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

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

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

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

p) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

i. Debt instruments at amortised cost

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

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

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

Debt instruments at amortised cost

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

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

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

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

Debt instrument at FVTOCI

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

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

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

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

Debt instrument at FVTPL

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

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

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

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

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Derecognition

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

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

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

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

Impairment of financial assets

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

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

b) Lease receivables under Ind AS 17

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

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

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

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare

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for the year ended 31 March, 2017

cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;

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

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same

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for the year ended 31 March, 2017

lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

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

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

Reclassification of financial assets

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

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

Original classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.

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for the year ended 31 March, 2017

Original classification	Revised Classification	Accounting Treatment
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit and loss at the reclassification date.

Offsetting of financial instruments

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

q) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

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

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

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment ;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a

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for the year ended 31 March, 2017

highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;

- Hedges of a net investment in a foreign operation.

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

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

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

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

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

r) Cash and cash equivalents

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

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

s) Cash dividend distribution to equity holders of the Company

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

t) Presentation of EBITDA

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

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

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2.3 Standards issued but not yet effective

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

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

Amendments to Ind AS 7, Statement of Cash Flows

The amendments to Ind AS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April, 2017. Application of these amendments will not have any recognition and measurement impact. However, it will require additional disclosures in the financial statements.

Amendments to Ind AS 102, Share-based Payment

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1 April, 2017. These amendments are not expected to have any impact on the financial statements of the Company.

NOTES TO FINANCIAL STATEMENTS
for the year ended 31 March, 2017

NOTES 3 - PROPERTY, PLANT AND EQUIPMENT

(INR in million)

DESCRIPTION	Freehold land	Leasehold land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equip-ment's	Electrical Installa-tions	Data processing equipments	Total
Cost or valuation										
1 Apr, 2015 (refer Note 45)	490.56	3.20	795.90	2,617.88	24.70	20.30	11.60	220.40	32.70	4,217.24
Additions	7.30	-	50.30	112.30	0.70	2.20	2.00	30.20	12.20	217.20
Reclassification #	3.20	-3.20	-	-	-	-	-	-	-	-
Disposals	12.00	-	-	-	-	13.10	-	-	0.10	25.20
As at 31 March, 2016	**489.06**	**-**	**846.20**	**2,730.28**	**25.40**	**9.40**	**13.60**	**250.60**	**44.80**	**4,409.34**
Additions	-	-	36.03	131.77	0.54	1.29	3.95	6.29	5.64	185.51
Disposals	-	-	3.03	25.92	0.44	1.48	0.77	-	1.70	33.34
As at 31 March, 2017	**489.06**	**-**	**879.20**	**2,836.13**	**25.50**	**9.21**	**16.78**	**256.89**	**48.74**	**4,561.50**
Depreciation and Impairment										
1 Apr 2015 (refer Note 45)	**-**	**0.10**	**166.94**	**1,332.00**	**14.30**	**13.60**	**7.10**	**64.10**	**24.20**	**1,622.34**
Depreciation charge during the year	-	-	28.01	289.21	3.50	1.80	2.20	13.50	4.80	343.00
Reclassification #	0.10	(0.10)	-	-	-	-	-	-	-	-
Impairment charge during the year	-	-	-	0.47	-	-	-	-	-	0.47
Disposals	-	-	-	-	-	10.40	-	-	0.10	10.50
As at 31 March, 2016	**0.10**	**-**	**194.95**	**1,621.72**	**17.80**	**5.00**	**9.30**	**77.60**	**28.90**	**1,955.36**
Depreciation charge during the year	-	0.04	28.83	253.84	1.85	1.22	2.03	16.20	7.03	311.03
Impairment reversal	-	-	-	3.68	-	-	-	-	-	3.68
Disposals	-	-	3.04	21.72	0.34	0.63	0.75	-	1.64	28.12
Reclassification	0.04	(0.04)								
As at 31 March, 2017	**0.14**	**-**	**220.73**	**1,850.15**	**19.31**	**5.59**	**10.58**	**93.80**	**34.29**	**2,234.59**
Net Book Value										
As at 31 March, 2017	**488.92**	**-**	**658.47**	**985.97**	**6.20**	**3.63**	**6.20**	**163.09**	**14.45**	**2,326.91**
As at 31 March, 2016	**488.96**	**-**	**651.25**	**1,108.57**	**7.60**	**4.40**	**4.30**	**173.00**	**15.90**	**2,453.98**
As at 1 April, 2015	**490.56**	**3.10**	**628.96**	**1,285.88**	**10.40**	**6.70**	**4.50**	**156.30**	**8.50**	**2,594.90**

(INR in million)

Net Book Value	31 March, 2017	31 March, 2016	31 March, 2015
Capital work in progress	403.44	4.91	29.81

*** Data processing equipments include laptops taken on finance lease:**

Gross block INR 11.32 millions (31 March, 2016: INR 8.0 millions, 1 April, 2015: Nil)

Depreciation for the year INR 2.92 millions (31 March, 2016: INR 0.5 million, 1 April, 2015 Nil)

Accumulated depreciation INR 3.42 millions (31 March, 2016: INR 0.5 million, 1 April. 2015 NIL)

Net block INR 7.90 millions (31 March, 2016: INR 7.5 million, 1 April, 2015: NIL)

Land parcel of INR 3.20 million which was earlier disclosed as leasehold land is now regrouped to freehold land.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 4: INTANGIBLE ASSETS

(INR in million)

DESCRIPTION	Goodwill	Licence and Know-how
1 April, 2015 (refer Note 45)	2,379.79	16.53
Additions	-	1.67
As at 31 March, 2016	**2,379.79**	**18.2**
Additons	-	2.98
Disposals	-	-
As at 31 March, 2017	**2,379.79**	**21.18**
Amortization and Impairment		
1 April, 2015 (refer Note 45)	-	15.80
Amortisation charge for the year	475.94	0.90
As at 31 March, 2016	**475.94**	**16.70**
Accumulated amortization and impairment		
Amortisation charge for the year	475.96	1.63
As at 31 March, 2017	**951.90**	**18.33**
Net Book Value		
As at 31 March, 2017	**1,427.88**	**2.85**
As at 31 March, 2016	**1,903.82**	**1.50**
As at 01 April, 2015	**2,379.79**	**0.73**

NOTE 5: IMPAIRMENT TESTING OF GOODWILL

Goodwill generated as a result of recording of assets and liabilities as part of the Scheme of demerger of Sterlite Technologies Limited (refer Note 45) with effect from 1 April, 2015 has been allocated to Power products business for impairment testing.

	31 March, 2017	31 March, 2016	1 April, 2015
Goodwill	1,427.88	1,903.82	2,379.79

The Company performed its annual impairment test for the year ended 31 March, 2017 and 31 March, 2016 on 31 March, 2017 and 31 March, 2016 respectively. The recoverable amount of Power products business as at 31 March, 2017 and 31 March, 2016 was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections for impairment testing during the current year is 16.83% (31 March, 2016: 17.03%). The terminal growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 3% (31 March, 2016: 3%).

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

EBITDA margin: EBITDA margin of 7.5% (31 March, 2016: 7.5%) of revenue has been considered based on average values achieved in the two years preceding the valuation date. A decrease in EBITDA margin to 6.0% (31 March, 2016: 6.19%) would result in impairment.

Discount rate: Discount rate represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factor. The beta factor is evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in pre-tax WACC to 21.75% (31 March, 2016: 20.46%) would result in impairment.

Growth rate: Growth rate of 10% has been considered for a period of five years based on management estimates and past trends. A decrease in growth rate to 2.81% (31 March, 2016: 3.16%) during the next five year period would result in impairment.

NOTE 6: INVESTMENTS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non current			
Investments at fair value through OCI			
Unquoted equity instruments			
1,243,479,411 (31 March, 2016: 1,243,479,411, 01 April, 2015: 1,198,024,866) Compulsorily convertible preference shares of Sterlite Power Grid Ventures Limited of 10 each fully paid up	25,072.28	20,257.31	12,786.66
50,000 (31 March, 2016: 50,000, 01 April, 2015: 50,000) Equity shares of Sterlite Power Grid Ventures Limited of INR 10 each fully paid up	1.01	0.81	0.53
25,500 (31 March, 2016: 25,500, 01 April, 2015: 25,500 Equity shares of East North Interconnection Company Limited of INR 10 each fully paid up	0.26	0.26	0.30
11,25,00,000 (31 March, 2016: Nil, 01 April, 2015: Nil) Equity shares of Sterlite Investment Managers Limited (formerly known as Sterlite Infraventures Limited) of INR 2 each partly paid up of INR 0.01 per share	25.28*	-	-
17,241 (31 March, 2016: Nil, 01 April, 2015: Nil) Compulsorily convertible preference shares of	-	-	-
Sharper Shape Group Inc of INR 10 each fully paid up	112.45	-	-
Investments at amortised cost **Debt component of Reedemable preference shares**			
10,00,000 (31 March, 2016: Nil, 01 April, 2015: Nil) Reedeemable preference shares of Sterlite Investment Managers Limited (formerly known as Sterlite Infra Ventures Limited) of INR 10 each fully paid up	81.66	-	-
Total non - current investments	**25,292.93**	**20,258.38**	**12787.50**
* Includes INR 23.28 million in respect of equity component of redeemable preference shares of Sterlite Investment Managers Limited (formerly known as Sterlite Infraventures Limited)			
Current			
Investment in mutual funds - Quoted (valued at fair value through profit or loss)	-	-	-
Nil (31 March, 2016: 0.3 million, 0 1 April, 2015: Nil) units of ICICI flexible income plan - direct plan - growth	-	100.00	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Nil (31 March, 2016: 0.2 million, 0 1 April, 2015: Nil) units of reliance money manager fund - direct growth plan growth option	-	400.00	-
Total current investments	**-**	**500.00**	
Current	**-**		**-**
Non-current	**25,292.93**	**19,758.38**	**12,787.50**

Investments at fair value through OCI reflect investment in unquoted equity securities. Refer note 44 for determination of their fair values.

NOTE 7: LOANS (unsecured, considered good)

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Current			
Loans to related party (refer note 51)	193.47	273.28	-
Total	**193.47**	**273.28**	**-**

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

NOTE 8: TRADE RECEIVABLES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non-current			
Trade receivables	317.51	230.58	180.66
Break-up for security details:			
- Unsecured, Considered good	-	-	-
- Unsecured, considered doubtful	317.51	230.58	180.66
	317.51	**230.58**	**180.66**
Impairment allowance (allowance for bad and doubtful debts)			
- Unsecured, considered doubtful	317.51	230.58	180.66
Total Non current trade receivables	**-**	**-**	**-**
Current			
Trade receivables	3894.91	3662.19	3,216.91
Receivables from related parties (Note 51)	654.67	368.65	904.03
Total	**4549.58**	**4030.84**	**4,120.94**
Break-up for security details:			
- Unsecured, considered good	4,549.58	4,030.84	4,120.94
- Considered doubtful	-	-	-
	4,549.58	**4,030.84**	**4,120.94**
Impairment allowance (allowance for bad and doubtful debts)			
- Unsecured, considered good	-	-	-
- Considered doubtful	-	-	-
Total Current Trade receivables	**4,549.58**	**4,030.84**	**4,120.94**

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

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

The company has entered into an arrangement with HDFC Bank for non recourse factoring pursuant to which the company has derecognised trade receivables of INR 1275.51 Millions (31 March, 2016: 699.33 millions)

NOTE 9: OTHER FINANCIAL ASSETS

(INR in million)

		31 March, 2017	31 March, 2016	1 April, 2015
Non-current				
Security deposits (Unsecured, considered good)		11.08	10.91	11.77
Total other non-current financials assets		**11.08**	**10.91**	**11.77**
Current				
Security deposits (Unsecured, considered good)		5.42	8.17	8.28
Insurance claim receivable		55.20	-	-
Earnest money deposit with customer		57.31	48.80	36.05
	(A)	**117.93**	**56.96**	**44.32**
Derivative instruments at fair value through OCI				
- Foreign exchange forward Contracts		-	-	0.71
- Commodity future contracts		655.12	-	-
	(B)	**655.12**	**-**	**0.71**
Total other current financial assets	**(C=A+B)**	**773.05**	**56.96**	**45.03**

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

Insurance claim receivable are non-derivative financial assets and are receivable in cash. These are measured based on effective interest method

Derivative instruments at fair value through OCI reflect the change in fair value of foreign exchange forward contracts designated as cash flow hedges to hedge highly probable forecasts/firm commitments for sales and purchases in US Dollars (USD) and Euros (EUR). Derivative instruments at fair value through OCI also include the change in fair value of commodity forward contracts. The Company is exposed to changes in the price of aluminium and copper on its forecast aluminium and copper purchases. The forward contracts do not result in physical delivery of aluminium and copper, but are designated as cash flow hedges to offset the effect of price changes in aluminium and copper. The Company hedges 100% of its expected aluminium and copper purchases.

NOTE 10: OTHER ASSETS

(INR in million)

	31 March, 2017	31 March, 2016	01 April, 2015
Non- Current			
Capital advances (unsecured, considered good)	14.74	8.67	11.03
Advance income tax, including TDS (net of provisions)	37.15	9.61	-
Advances recoverable in cash or kind (unsecured)	12.49	119.55	91.98
Total other non-current assets	**64.38**	**137.83**	**103.01**
Current			
Advances recoverable in cash or kind (unsecured)	387.42	501.29	706.77
Balances with central excise authorities	140.14	77.37	189.41
Prepaid expenses	44.15	70.98	43.10
Gross amount due from customers for contract as an asset (refer note 43)	3.38	3.27	-
Total other current assets	**575.09**	**652.91**	**939.28**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 11: INVENTORIES

(INR in million)

(Valued at lower of cost and net realisable value)	31 March, 2017	31 March, 2016	1 April, 2015
Raw materials and components	794.58	1,002.17	1075.98
[Includes stock in transit INR 5.17 million (31 March, 2016: INR 199.46 million) (01 April, 2015: Nil)]			
Work-in-progress	482.68	455.87	520.49
Finished goods [Includes stock in transit INR 81.83 million (31 March, 2016: INR 76.3 million)(01 April, 2015: Nil)]	373.27	562.38	618.19
Traded goods	14.69	50.31	56.92
Stores, spares, packing materials and others	73.21	80.97	94.94
Total	**1,738.43**	**2,151.70**	**2366.52**

NOTE 12: CASH AND CASH EQUIVALENTS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Balances with banks:			
On current accounts	421.25	894.20	5.10
Deposit with original maturity of less than 3 months*	30.00	500.00	13.98
Cash in hand	0.41	0.34	-
Total	**451.66**	**1,394.54**	**19.08**

* Include INR 22.50 million (31 March, 2016 INR Nil, 1 April, 2016 INR Nil) held in lien by bank against bank guarantees

NOTE 13: OTHER BANK BALANCES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Deposits with original maturity for more than 3 months but less than 12 months**	386.17	136.54	-
Total	**386.17**	**136.54**	**-**

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

** Includes INR 99.00 millions (31 March, 2016: INR 118.50 millions, 1 April, 2015: INR Nil) held as lien by banks against bank guarantees

NOTE 14: EQUITY SHARE CAPITAL

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Authorised shares (no. millions)			
80.00 (31 March, 2016: 80.00, 1 April, 2015: 80.00) equity shares of INR 2 each	160.00	160.00	160.00
Issued, subscribed and fully paid-up shares (no. millions)			
61.18 (31 March, 2016: Nil, 1 April, 2015: Nil equity shares of INR 2 each fully paid - up.	122.36	-	-
Total issued, subscribed and fully paid-up share capital	**122.36**	**-**	**-**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	No. in million	INR in million
At 1 April, 2015	-	-
Add: Issued during the year	-	-
At 31 March, 2016	**-**	**-**
Add: Issued during the year [refer note 45(C)]	61.18	122.36
At 31 March, 2017	**61.18**	**122.36**

b. **Terms/rights attached to equity shares**

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

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

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

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

	31 March, 2017		31 March, 2016		1 April, 2015	
	No. in million	% holding	No. in million	% holding	No. in million	% holding
Immediate holding company						
Twin Star Overseas Limited, Mauritius	43.67	71.38%	-	-	-	-
Subsidiary of Volcan Investments Limited, Bahamas [Ultimate holding company]						
Vedanta Limited	0.95	1.56%	-	-	-	-

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

	31 March, 2017		31 March, 2016		1 April, 2015	
	No. in million	% holding	No. in million	% holding	No. in million	% holding
Immediate holding company						
Twin Star Overseas Limited, Mauritius	43.67	71.38%	-	-	-	-

NOTE 15: SHARE CAPITAL SUSPENSE ACCOUNT

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Balance as per last financial statements	8,880.92	8,880.92	8,880.92
Less: Utilised for issue of equity shares	(6,852.37)	-	-
Less: Utilised for issue of redeemable preference shares	(2,028.55)	-	-
Total	-	8,880.92	8,880.92

Share capital suspense account represents the amount of equity shares and redeemable preference shares to be issued to the equity shareholders of Sterlite Technologies Limited pursuant to the scheme of demerger (refer Note 45 for details). Pending issue of such equity and redeemable preference shares as at 1 April, 2015 and 31 March, 2016, the amount was credited to Share capital suspense account. During the year ended 31 March, 2017, the Company has issued 61.18 million equity shares of face value INR 2.00 per share at a premium of INR 110.00 per share and 17.90 million redeemable preference shares of face value of INR 2.00 per share at a premium of INR 110.00 per share on 22 August, 2016 out of the balance in Share capital suspense account.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 16 : OTHER EQUITY

(INR in million)

	31 March, 2017	31 March, 2016
Securities premium account		
Balance as per last financial statements	-	-
Add: Additions on issue of equity shares (refer note 45)	6,748.37	-
Closing balance	**6,748.37**	**-**
Deficit in the statement of profit and loss		
Balance as per last financial statements	(967.68)	(50.72)
Loss for the year	(400.91)	(920.92)
Other comprehensive income	(1.40)	3.96
Net deficit in the statement of profit and loss	**(1,369.99)**	**(967.68)**
Other reserves		
FVTOCI reserve		
Balance as per last financial statements	5,362.43	-
Add: Fair value of Investments through OCI	3,680.26	5,362.43
Closing balance	**9,042.69**	**5,362.43**
Cash flow hedge reserve		
Balance as per last financial statements	(598.45)	(528.79)
Add: Cash flow hedge reserve created on derivative contracts	235.44	(598.45)
Less: Amount reclassified to statement of profit and loss	(598.45)	(528.79)
Closing balance	**235.44**	**(598.45)**
Total other reserves	**9,278.12**	**4,763.98**

NOTE 17 : NON CURRENT BORROWINGS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non-current			
Term loans			
Indian rupee loans from banks	2,782.75	2,325.17	2924.29
Indian rupee loans from financial institution	2,368.71	2,000.00	-
Non Convertible Debentures			
1,500 11.45% Non convertible debentures of INR 10 lacs each	-	-	1,500.00
1,200 10.60% Non convertible debentures of INR 10 lacs each	-	-	1,200.00
Long-term maturities of finance lease obligation			
Obligations under finance lease	3.42	5.33	-
Total non-current borrowings	**5,154.89**	**4,330.51**	**5624.29**
Current maturies (included in note 20)			
Indian rupee loans from banks (Secured)	1,061.13	555.10	838.92
Indian rupee loans from financial institution (Secured)	91.81	-	-
1,200 10.60% Non convertible debentures of INR 10 lacs each (Secured)	-	1,200.00	
Current maturies of redeemable preference shares (unsecured) (refer note below)	2,010.19	-	
Current maturies of finance lease obligations	3.69	2.67	-
Interest accrued on long term borrowings (Secured)	21.65	109.23	-
Interest accrued on redeemable preference shares (Unsecured)	89.29	-	-
Total	**3,277.75**	**1,867.00**	**838.92**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

a) Indian rupee term loan from banks amounting to INR 15.00 million carries interest @ LTMLR + 1.10% p.a. Loan amount is repayable in 1 quarterly installments of INR 15.00 million (excluding interest). The term loan is secured by pari passu charge on below:

   a) First charge on all movable fixed assets of the Company, present & future.
   b) First charge on all immoveable fixed assets of the Company, present & future
   c) Pledge of 51% shareholding / CCPS / CCDs etc. of Sterlite Power Grid Ventures Limited ('SPGVL')
   d) First charge on the Dividends / any other Receivables / Loans & Advances etc. from the Borrower's Investments in SPGVL, present & future
   e) Second charge on all current assets, cashflows of Company,present & future except cash flows as mentioned in "d" above for which lender shall have first charge.

b) Indian rupee term loan from the bank amounting to INR 546.90 million carries interest @ Base rate + 1% p.a. Loan amount is repayable in 5 quarterly equated installments of INR 93.75 million and 6th installment of INR 78.15 million (excluding interest).

   The term loan is secured by pari passu charge on below:

   a) First charge on all movable fixed assets of the Company, present & future.
   b) First charge on all immoveable fixed assets of the Company, present & future
   c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL
   d) First charge all receivables, present & future
   e) Second charge on all current assets, present & future except assets as mentioned in "d" above for which lender shall have first charge

c) Indian rupee term loan from banks amounting to INR 1,800.00 million carries interest @ LTMLR + 0.75% p.a. Loan amount is repayable in 12 quarterly equated installments of INR 150 million (excluding interest) starting from June 2017.

   The term loan is secured by pari passu charge on below:

   a) First charge on all movable fixed assets of the Company, present & future.
   b) First charge on all immoveable fixed assets of the Company, present & future
   c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL
   d) First charge all receivables, present & future
   e) Second charge on all current assets,present & future except assets as mentioned in "d" above for which lender shall have first charge

d) Indian rupee term loan from banks amounting to INR 1,500.00 million carries interest @ Base rate + 0.10% p.a. Loan amount is repayable in 5 yearly installments starting from June 2017 in 5%, 10%, 20%, 30% & 35% of loan amount.

   The term loan is secured by pari passu charge on below:

   a) First charge on all movable fixed assets of the Company, present & future.
   b) First charge on all immoveable fixed assets of the Company, present & future
   c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL
   d) First charge all receivables, present & future
   e) Second charge on all current assets, present & future except assets as mentioned in "d" above for which lender shall have first charge

e) Indian rupee term loan from financial institution amounting to INR 50.00 million carries interest @ MCLR +225 BPS p.a. Loan amount is repayable in 5 annual installments starting from December 2018 in 5%, 10%, 20%, 30% & 35% of loan amount.

   The term loan is secured by pari passu charge on below:

   a) First charge on all movable fixed assets of the Company, present & future.
   b) First charge on all immoveable fixed assets of the Company, present & future
   c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL
   d) First charge all receivables, present & future
   e) Second charge on all current assets, present & future except assets as mentioned in "d" above for which lender shall have first charge

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

f) Indian rupee term loan from financial institution amounting to INR 2000.00 million carries interest @ 11% p.a. Loan amount is repayable in 5 annual installments starting from December 2017 in 5%, 10%, 20%, 30% & 35% of loan amount. The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the Company, present & future.

b) First charge on all immoveable fixed assets of the Company, present & future

c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL

d) First charge all receivables, present & future

e) Second charge on all current assets, present & future except assets as mentioned in ”d” above for which lender shall have first charge

g) Finance lease obligation is secured by hypothecation of laptops taken on lease. The interest rate implicit in the lease is 10% p.a. The gross investment in lease i.e. lease obligation and interest is payable in quarterly installments at approximately INR 1.06 Million.

h) Loan Convenants

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements. The Company has also satisfied all other debt covenants prescribed in the terms of bank loan.

i) Redeemable Preference Shares

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Authorised shares (no. millions)			
36.40 (31 March, 2016: 36.40, 1 April, 2015: 36.40) redeemable preference shares of INR 2 each	72.80	72.80	72.80
Issued, subscribed and fully paid-up shares (no. millions)			
17.90 (31 March, 2016: Nil, 01 April, 2015: Nil) redeemable preference shares of INR 2 each			
- Nominal Value	35.80	-	-
- Securities Premium	1,969.02	-	-

Terms/rights attached to equity shares

The cumulative redeemable preference shares carry preference dividend at 8% per annum. Holders of preference shares have a preferential right to receive their redemption value in precedence to holders' of equity shares in the event at liquidation. These shares of face value of INR 2 per share were issued at a premium of INR 110.00 per share and will be redeemed at a premium of INR 123.55 per share after 18 months from the date of the allotment i.e. 22/08/2016.

Details of preference shareholders holding more than 5% of shares in the company

	31 March, 2017		31 March, 2016		1 April, 2015	
	No. in million	% holding	No. in million	% holding	No. in million	% holding
Yes Bank Limited	16.81	93.93%	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 18 : SHORT TERM BORROWINGS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Cash credit from banks (secured)	1,300.57	0.06	29.35
Working capital demand loans from banks (secured)	1,700.00	2,300.00	1050.00
Packing credit (secured)	2,422.77	-	-
Packing credit (unsecured)	-	2,500.00	-
Other loan from banks (secured)	112.75	495.22	1174.79
Suppliers credit (secured)	30.23	2,604.73	5263.93
Total	**5,566.32**	**7,900.01**	**7,518.07**
The above amount includes			
Secured borrowings	5,566.32	5,400.01	7,518.07
Unsecured borrowings	-	2,500.00	-
Net Amount	**5,566.32**	**7,900.01**	**7,518.07**

Note :

(i) Cash credit is secured by hypothecation of raw materials, work in progress, finished goods and trade receivables. The cash credit is repayable on demand and carries interest @ 9.35% -12.50 %

(ii) Working capital demand loans from banks are secured by hypothecation of raw materials, work in progress, finished goods and trade receivables. Working Capital Demand Loan is generally taken for a period of 30-180 days and carries interest @ 9.55%-9.75%.

(iii) Export packing credits are secured by hypothecation of raw materials, work in progress, finished goods and trade receivables and is generally taken for a period of 180 days. It carries interest @ 8.85-9.70% p.a.

(iv) Unsecured export packing credit is generally taken for a period of 180 days. It carries interest @ 9.35% p.a.

(v) Buyer's credit arrangements are secured by hypothecation of raw materials , work in progress,finished goods and trade receivables. Buyer's credit is repaid / rolled over after a period of six months and carry interest '@ 1.51-1.91% (excluding hedging premium).

(vi) Suppliers' credit arrangements are secured by hypothecation of raw materials, work in progress, finished goods and trade receivables. Suppliers' credit is repaid after a period of six months where foreign currency suppliers credit carry interest @ 1.50-2.50% in (excluding hedging premium) and domestic suppliers credit carry interest '@8.00-9.5%

NOTE 19 : TRADE PAYABLES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Current			
Trade payables (including acceptances) (refer note 42 for details of dues to Micro, small and medium enterprises)	3,820.56	2,599.14	596.95
Current			
Trade payables	3,668.27	2,262.81	524.84
Trade payables to related parties (note 51)	152.29	336.33	72.11
Total	**3,820.56**	**2,599.14**	**596.95**

Trade payables are non-interest bearing and are normally settled on 60-90 days terms. However, there were some creditors who have given a credit period of 180 days

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 20 : OTHER FINANCIAL LIABILITIES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non Current			
Other financial liabilities at amortised cost			
Payables for property plant & equipment	205.96	-	-
Total non-current financial liabilities	**205.96**	**-**	**-**
Current			
Derivative instruments at fair value through OCI			
- Commodity futures	-	645.18	546.43
- Foreign exchange forward contracts	400.04	104.22	-
	400.04	**749.40**	**546.43**
Current maturities of long-term borrowings (refer note 17)	3,252.42	1,755.11	838.92
Current maturities of finance lease obligations (refer note 17)	3.69	2.67	-
Interest accrued on borrowings	21.65	109.23	-
Interest free deposit from customers	1.17	1.47	1.75
Earnest money deposit from vendors	6.87	-	-
Payables for property plant & equipment*	15.45	6.73	13.79
Others	382.89	479.46	286.46
Total	**4,084.18**	**3,104.07**	**1,687.35**

* Payables for purchase of property, plant and equipment are non-interest bearing and are normally settled on 30-90 days terms. It also includes the current maturities of long term payables for purchase of property, plant and equipment which have been valued at amortised cost. Payables with period allowed by the vendors are beyond normal credit terms have been measured at cash price equivalent and the differential amount is recognised as interest expense over the period of credit

Derivative instruments at fair value through OCI reflect the change in fair value of foreign exchange forward contracts designated as cash flow hedges to hedge highly probable forecasts/firm commitments for sales and purchases in US Dollars (USD) and Euros (EUR). Derivative instruments at fair value through OCI also include the change in fair value of commodity forward contracts. The Company is exposed to changes in the price of aluminium and copper on its forecast aluminium and copper purchases. The forward contracts do not result in physical delivery of aluminium and copper, but are designated as cash flow hedges to offset the effect of price changes. The Company hedges 100% of its expected aluminium and copper purchases.

Interest free deposits from customer and earnest money deposits to vendor are non interest bearing.

Other payables are non-interest bearing and have an average term of 30 -60 days

Interest payable is normally settled within 30 days throughout the financial year.

For explanations on the Company's credit risk management processes, refer to Note 49

NOTE 21 : EMPLOYEE BENEFIT OBLIGATIONS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non current			
Provision for employee benefits			
Provision for gratuity (refer note 36)	21.09	18.77	22.75
Total	**21.09**	**18.77**	**22.75**
Current			
Provision for employee benefits	-		
Provision for gratuity (refer note 36)	8.49	5.00	-
Provision for leave benefit	23.52	15.80	14.12
Total	**32.01**	**20.80**	**14.12**

NOTES TO FINANCIAL STATEMENTS
for the year ended 31 March, 2017

NOTE 22: DEFERRED TAX LIABILITIES (NET)

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Deferred tax liability			
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	99.44	105.62	191.23
Fair valuation of Land on transition date	38.86	38.86	38.86
Fair valuation of FVTOCI investments	2,898.35	1,794.57	186.07
Fair valuation of forward contracts and commodity future contracts	124.61	-	-
Others	-	89.80	
Gross deferred tax liability	**3,161.26**	**2,028.85**	**416.16**
Deferred tax assets			
Provision for doubtful debts and advances	-	79.80	62.50
Impact of expenditure charged to P&L in the current year but allowed for tax purposes on payment basis	-	21.90	12.76
Provision for inventory	-	36.21	45.18
Business loss	224.05	-	-
Others	-	-	13.19
Gross deferred tax assets	**224.05**	**137.92**	**133.73**
Net deferred tax liability	**2,937.21**	**1,890.93**	**282.43**

Reconciliation of deferred tax liability

(INR in million)

	31 March, 2017	31 March, 2016
Opening deferred tax liability, net	1,890.92	282.43
Deferred tax credit recorded in statement of profit and loss	(182.11)	-
Deferred tax charge recorded in OCI	1,228.38	1,608.50
Deferred tax recorded in reserves and surplus		-
Closing deferred tax liability, net	**2,937.20**	**1,890.92**

The major components of income tax expense for the years ended 31 March, 2017 and 31 March, 2016 are:

(INR in million)

	31 March, 2017	31 March, 2016
Profit or loss section		
Current Income Tax	-	-
Deferred Tax		
Relating to origination and reversal of temporary differences	(182.11)	-
Income tax expenses reported in the statement of profit or loss	**(182.11)**	**-**
OCI Section		
Deferred tax related to items recognised in OCI during in the year:	(1,103.77)	(1,608.50)
Fair valuation of equity investments valued at FVTOCI	(124.61)	-
Re-measurement loss defined benefit plans	-	-
Income tax charged through OCI	**(1,228.38)**	**(1,608.50)**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March, 2017 and 31 March, 2016:

(INR in million)

	31 March, 2017	31 March, 2016
Accounting loss before income tax	(583.02)	(920.92)
At India's statutory income tax rate of 34.61% (31 March, 2016: 34.61%)	(201.78)	(318.73)
Adjustments in respect of Deferred tax of previous years	57.50	-
Deferred tax not created on Business losses	(37.82)	318.73
At the effective income tax rate of 31.24% [31 March, 2016: Nil]	(182.11)	-
Income tax expense reported in the statement of profit and loss	(182.11)	-

NOTE 23: OTHER LIABILITIES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Current Liabilities			
Advance from customers	1,233.33	1,189.01	874.20
Service tax payable	12.12	2.83	0.55
TDS payable	17.09	9.73	4.10
Value added tax payable	1.38	0.73	0.54
Central sales tax payable	6.63	12.27	6.93
Gross amount due to customers for contract work as a Liability	26.06	-	-
Others	299.22	212.08	464.66
Total	**1,595.84**	**1,426.65**	**1,350.99**

NOTE 24: REVENUE FROM OPERATIONS

(INR in million)

	31 March, 2017	31 March, 2016
Sale of products		
Finished goods	20,308.36	22,629.43
Traded goods	265.02	157.93
Revenue from projects	1,731.26	1,849.01
Sale of services	605.93	214.12
Other operating revenue		
Scrap sales	107.66	124.35
Export incentive	56.40	125.33
Revenue from operations	**23,074.63**	**25,100.17**

NOTE 25: FINANCE INCOME

(INR in million)

	31 March, 2017	31 March, 2016
Interest income on		
Bank deposits	14.42	0.70
Loan to related parties (refer note:51)	9.40	-
Current investments	20.12	-
Others	12.81	7.86
Total	**56.75**	**8.55**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 26: OTHER INCOME

(INR in million)

	31 March, 2017	31 March, 2016
Balances no longer payable written back	-	18.10
Profit on sale of asset (net)	4.74	1.35
Miscellaneous income	2.96	4.40
Total	**7.70**	**23.85**

NOTE 27: COST OF RAW MATERIAL AND COMPONENTS CONSUMED

(INR in million)

	31 March, 2017	31 March, 2016
Inventory at the beginning of the year	1,002.17	1,075.97
Add: Purchases	15,016.33	17,636.82
	16,018.49	**18,712.79**
Less: Inventory at the end of the year	794.58	1,002.17
Cost of raw material and components consumed	**15,223.92**	**17,710.62**

NOTE 28: PURCHASE OF TRADED GOODS AND SUBCONTRACTING EXPENSES

(INR in million)

	31 March, 2017	31 March, 2016
Traded goods purchased	480.45	124.27
Subcontracting charges*	376.76	216.36
	857.21	**340.63**

*These charges pertain to services availed in relation to construction contracts

NOTE 29: (INCREASE) / DECREASE IN INVENTORIES

(INR in million)

	31 March, 2017	31 March, 2016
Opening inventories:		
Traded goods	50.30	56.90
Work-in-progress	455.87	520.46
Finished goods	562.38	618.14
	1,068.55	**1,195.50**
Closing inventories:		
Traded goods	14.69	50.30
Work-in-progress	482.68	455.87
Finished goods	373.27	562.38
	870.64	**1,068.55**
(Increase) / decrease in inventories	**197.91**	**126.95**

NOTE 30: EMPLOYEE BENEFIT EXPENSE

(INR in million)

	31 March, 2017	31 March, 2016
Salaries, wages and bonus	440.27	290.10
Contribution to provident fund	14.97	11.89
Employees stock option expenses (refer note below)	8.01	33.70
Gratuity expenses (refer note 36)	5.42	4.98
Staff welfare expenses	27.15	25.78
Total	**495.82**	**366.45**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

Pursuant to demerger of Power products and solution business from Sterlite Technologies Limited ("STL"), employees of power business have been transferred to the Company. ESOPs granted to such employees by Sterlite Technologies Limited will continue to be held and exercised by them. The charge in respect of ESOPs held by employees transferred from STL to the Company shall be borne by the Company with effect from 1 April, 2015. Accordingly, an amount of INR 8.01 millions (31 March, 2016: INR 33.70) millions pertaining to charge on ESOPs held by such employees has been recorded in the books of the Company.

NOTE 31: OTHER EXPENSES

(INR in million)

	31 March, 2017	31 March, 2016
Increase / (decrease) of excise duty on inventory	28.77	(32.44)
Consumption of stores and spares	106.32	108.38
Power, fuel and water	270.19	338.77
Repairs and maintenance		
- Building	5.02	6.74
- Machinery	109.98	88.00
Carriage inwards	28.25	34.48
Consumption of packing materials	555.88	693.05
Sales commission (other than sole selling agent)	110.06	246.24
Sales promotion	29.13	64.69
Carriage outwards	390.59	534.23
Rent	25.69	21.39
Insurance	22.68	18.17
Rates and taxes	10.31	3.48
Travelling and conveyance	122.00	85.22
Bad debts / advances written off	6.87	4.60
Provision for doubtful debts and advances (refer note: 8)	86.93	49.92
Directors sitting fee and commission (refer note 51)	0.34	-
Payment to auditor (refer details below)	5.80	4.22
Miscellaneous expenses	628.61	924.05
Total	**2,543.42**	**3,193.19**

Payment to auditor

(INR in million)

	31 March, 2017	31 March, 2016
As auditor:		
Audit fee (including audit of consolidated financial statements)	3.96	3.66
Tax audit fee	0.40	0.40
In other capacity:		
Other services (including certification fees)	1.44	0.06
Total	**5.80**	**4.22**

NOTE 32: DEPRECIATION AND AMORTISATION EXPENSE

(INR in million)

	31 March, 2017	31 March, 2016
Depreciation of tangible assets	311.03	343.00
Amortisation of intangible assets	1.63	0.90
Amortisation of goodwill	475.96	475.94
Provision for impairment of tangible assets	-	0.47
Total	**788.62**	**820.31**

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 33: FINANCE COST

(INR in million)

	31 March, 2017	31 March, 2016
Interest on financial liabilities measured at amortised cost	1,600.41	1,342.36
Bill discounting / Factoring charges	39.36	78.45
Bank charges	90.98	179.65
Exchange difference to the extent considered as an adjustment to borrowing costs	21.19	131.64
Total	**1,751.94**	**1,732.10**

NOTE 34: EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/loss attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the loss and share data used in the basic and diluted EPS computation

(INR in million)

	31 March, 2017	31 March, 2016
Loss for the year	(400.91)	(920.92)
Weighted average number of equity shares in calculating basic and diluted EPS*	61.18	61.18
Earnings per share		
Basic and Diluted (on nominal value of INR 2 per share) Rupees/share	**(6.55)**	**(15.05)#**

* Equity shares issued during the current year as part of the Scheme of demerger (refer note 45) have been considered for the computation of weighted average number of shares from the appointed date i.e. 1 April, 2015.

\# Pursuant to the Scheme of demerger (refer note 45) with appointed date as 1 April, 2015, the equity shares were issued in the current year. Based on the number of equity shares issued, the EPS for previous year has been computed and disclosed as above. Since the number of equity shares was not unascertainable in the previous year, hence details in respect of EPS were not disclosed in the previous year.

NOTE 35: SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for goodwill including a sensitivity analysis, are disclosed and further explained in Note 5.

Revenue recognition for construction contracts

As described in Note 2.2, revenue and costs in respect of construction contracts are recognised by reference to stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Company estimates the total cost of the project at each period end. These estimates are based on the rates agreed with vendors/sub contractors and management's best estimates of the costs that would be incurred for the completion of project based on past experience and/or industry data. These estimates are re-assessed at each period end. Variations in contract works, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 36.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 47 and 48 for further disclosures.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The company has INR 811.64 millions (31 March, 2016: INR 920.92 millions) of tax losses carried forward. These losses may not be used to offset taxable income in the Company. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the Company was able to recognise all unrecognised deferred tax assets, loss for the year would have decreased and equity would have increased by INR 280.91 millions (31 March, 2016: INR 318.73 millions). Further details on taxes are disclosed in Note 22.

NOTE 36: EMPLOYEE BENEFIT OBLIGATION

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

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

(INR in million)

	31 March, 2017	31 March, 2016
Defined benefit obligation at the beginning of the year	23.77	22.75
Interest Cost	1.90	1.82
Current service cost	3.52	3.17
Benefit Paid directly by the Employer	(0.99)	-
Actuarial (gain)/loss due to change in financial Assumption	1.56	(0.03)
Actuarial (gain)/loss on obligation due to Experience	(0.16)	(3.93)
Present Value of Benefit Obligation at the end of the Period	29.58	23.77

Changes in the fair value of plan assets are as follows:

(INR in million)

	31 March, 2017	31 March, 2016
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution by employer	-	-
Benefits paid	-	-
Actuarial gain / (loss)	-	-
Fair value of plan assets at the end of the year	-	-

Details of defined benefit obligation

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Present value of defined benefit obligation	29.58	23.77	22.75
Fair value of plan assets	-	-	-
Benefit liability	**29.58**	**23.77**	**22.75**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

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

(INR in million)

	31 March, 2017	31 March, 2016
Current service cost	3.52	3.17
Interest cost on benefit obligation	1.90	1.81
Net actuarial (gain) / loss recognised	-	-
Expected return on plan assets	-	-
Contribution by employer	-	-
Net benefit expense	**5.42**	**4.98**

Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period

(INR in million)

	31 March, 2017	31 March, 2016
Acturial Gains/(Losses) on Obligation for the period	1.40	(3.96)
Return on Plan assets , Excluding Interest Income	-	-
Net (Income)/Expense for the period recognized in OCI	1.40	(3.96)

Amounts for the current and previous periods are as follows:

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Defined benefit obligation	29.58	23.77	22.75
Plan assets	-	-	
Surplus / (deficit)	29.58	23.77	22.75
Experience adjustments on plan liabilities	(0.16)	(3.93)	-
Experience adjustments on plan assets	-	-	-

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

	31 March, 2017	31 March, 2016	1 April, 2015
Discount rate	7.22%	8.00%	7.98%
Expected rate of return on plan asset	NA	NA	NA
Employee turnover	10.00%	10.00%	10.00%
Expected rate of salary increase	8.00%	8.00%	8.00%
Actual rate of return on plan assets	NA	NA	NA

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

Sensitivity Analysis

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefit obligation on Current Assumptions	29.58	23.77	22.75
Delta Effect of +1% Change in Rate of Discounting	(1.98)	(1.52)	(1.64)
Delta Effect of -1% Change in Rate of Discounting	2.25	1.73	1.74
Delta Effect of +1% Change in Rate of Salary Increase	2.21	1.71	1.72
Delta Effect of -1% Change in Rate of Salary Increase	(1.98)	(1.54)	(1.65)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.22)	(0.08)	(0.12)
Delta Effect of -1% Change in Rate of Employee Turnover	0.23	0.08	0.02

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

Maturity Analysis of Projected Benefit Obligation: From the Employer

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefits Payable in Future Years from the date of Reporting			
1st Following Year	2.50	2.03	4.82
2nd Following Year	2.70	2.23	1.83
3rd Following Year	2.52	2.38	2.05
4th Following Year	2.62	2.21	1.91
5th Following Year	2.77	2.55	1.92
Sum of Years 6 to 10	13.36	11.24	10.11
Beyond 10 years	3.11	1.13	0.11

NOTE 37: LEASES

Operating lease

Company as lessee:

The Company has taken office buildings on operating lease. The lease term is for periods of three to nine years and renewable at the option of the Company.

(a) Lease payments recognised in the statement of profit and loss for the year is INR 25.69 million (31 March, 2016: INR 21.39 million).

(b) The future minimum lease payments payable over the next one year is INR 18.00 million (31 March, 2016: INR 3.10 million, 01 April, 2015 INR 2.70 millions).

(c) The future minimum lease payments payable later than one year but not later than five year is INR 46.9 million (31 March, 2016: INR 1.50 million, 01 April, 2015: INR 4.77 millions).

Finance lease

Company as lessee:

The Company has taken laptops on finance lease. The lease term is for periods of three years.

Future minimum lease payments under finance lease with the present value of the net minimum lease payments are as follows

	31 March, 2017		31 March, 2016		1 April, 2015	
	Minimum payment	Present value of MLP	Minimum payment	Present value of MLP	Minimum payment	Present value of MLP
Within one year	4.25	3.69	3.14	2.75	-	-
After one year but not more than five years	4.15	3.42	6.27	5.18	-	-
Total minimum lease payments	8.41	7.11	9.41	8.04	-	-
Less: amounts representing finance charges	1.30	-	1.37	-	-	-
Present value of minimum lease payments	7.11	7.11	8.04	8.04	-	-

NOTE 38: CAPITAL AND OTHER COMMITMENTS

a] Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) are INR 132.28 millions (31 March, 2016: INR. 23.6 Million, 01 April, 2015 INR 14.10 millions)

b] As on 31 March, 2017, the Company has commitments of INR Nil (31 March, 2016: Nil, 1 April, 2015: INR 500 millions) relating to further investment in subsidiaries.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

c] The Company has entered into agreements with the lenders of following subsidiaries wherein it has committed to hold directly or indirectly at all times at least 51% of equity share capital of below mentioned subsidiaries and not to sell, transfer, assign, pledge or create any security interest except pledge of shares to the respective lenders as covered in respective agreements with lenders.

Name of subsidiaries

i RAPP Transmission Company Limited

ii Bhopal Dhule Transmission Company Limited

iii Jabalpur Transmission Company Limited

iv Purulia Kharagpur Transmission Company Limited

d] Pursuant to the share holders' agreement dated 7 July, 2014 executed among Sterlite Technologies Limited, Sterlite Power Grid Ventures Limited and Standard Chartered Financial Holdings, Mauritius read with call option agreement dated 25 July, 2014 executed among Sterlite Power Grid Ventures Limited, Standard Chartered Financial Holdings, Sterlite Technologies Limited, Sterlite Grid 1 Limited and East North Interconnection Company Limited, the Company has commitment to transfer 51% equity share holding in East North Interconnection Company Limited ("ENICL") to Sterlite Power Grid Ventures Limited at a nominal amount in future subject to applicable laws and regulations.

e] Sterlite Power Grid Ventures Limited ('SPGVL'), a subsidiary of the Company. has issued Optionally Convertible Redeemable Preference Shares ('OCRPS') to Standard Chartered Financial Holdings, Mauritius ('Investor') pursuant to the Subscription agreement and the Shareholders' Agreement dated 7 July, 2014 ('Agreements'). The Agreements specify various exit options for the Investor including an IPO. The OCRPS are either convertible into equity shares or redeemable after 60 months from the date of allotment so as to provide the Investor with desired exit amount from the date of allotment of OCRPS ('Closing date') until the date of exit. The OCRPS are convertible into such number of equity shares of SPGVL so as to provide 28.41% of equity share capital (calculated on a fully diluted basis) as on the the date of allotment. In case the return to the Investor on conversion is less than desired exit amount, SPGVL will issue its equity shares to the Investor at the minimum possible price as permitted by the applicable laws and regulations so as to provide a return agreed as per Agreements to the Investor subject to Investor's equity shareholding in SPGVL not exceeding 49.9%. Alternatively, OCRPS are redeemable at a price mutually agreed between STL and the Investor based on the fair market value of the shares of SPGVL at the time of exit subject to the Investor getting the desired exit amount.

NOTE 39: CONTINGENT LIABILITIES

(INR in million)

		31 March, 2017	31 March, 2016	1 April, 2015
1.	Disputed liabilities in appeal			
	a) Excise duty	419.00	133.00	133.00
2.	Outstanding amount of export obligation against advance license	60.68	10.90	-
3.	Corporate guarantees given on behalf of its subsidiaries for loans and hedging facilities taken from bank/financial institution (to the extent of loans and hedging facilities outstanding as at balance sheet date) [(The total amount of corporate guarantee is INR 300 millions (31 March, 2016: 300.10 millions, 1 April, 2015: 2304 millions)	300.00	295.10	755.70
4.	Bank guarantee given to Long Term Transmission Customers on behalf of its subsidiary companies.	461.63	955.13	2209.33

The Company has not provided for disputed excise duty arising from disallowances made in assessments which are pending with appellate authorities for its decision. The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

It is not practicable to indicate the uncertainties which may affect the future outcome and estimate the

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

financial effect of the above liabilities.

NOTE 40: HEDGING ACTIVITIES AND DERIVATIVES

Cash flow hedges

Foreign exchange forward contracts

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of highly probable forecast transactions/firm commitments for sales and purchases in USD and EUR. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions/firm commitments. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

Commodity contracts

Commodity futures entered in London Metal Exchange (LME) measured at fair value through OCI are designated as hedging instruments in cash flow hedges of highly probable forecast transactions/firm commitments for purchases of Aluminium and copper. The futures contract balances vary with the level of expected quantity of purchases of aluminium and copper. The terms of the future contracts match the terms of the expected highly probable forecast transactions/firm commitments. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

The cash flow hedges during the year ended 31 March, 2017 were assessed to be highly effective and a net unrealised gain of INR 235.44 million, net of deferred tax liability of INR 124.61 million relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges during the year ended 31 March, 2016 were assessed to be highly effective and an unrealised loss of INR 598.05 million was included in OCI in respect of these contracts. The amounts retained in OCI at 31 March, 2017 are expected to mature and affect the statement of profit and loss during the year ended 31 March, 2018

NOTE 41: DERIVATIVE INSTRUMENTS

(a) The following are the outstanding forward exchange contracts entered into by the company, for hedge purpose, as on 31 March, 2017:

Purpose	Foreign currency (In million)	Amount (INR in million)	Buy/Sell	No. of contracts (Quantity)
31 March, 2017				
Hedge of payables, buyers credit and highly probable foreign currency purchases	US $ 117.56	8,247.00	Buy	174
Hedge of trade receivables and highly probable foreign Currency Sale	US $ 30.7	2,024.80	Sell	51
Hedge of payables, buyers credit and highly probable foreign currency purchases	EUR 4.0	335.50	Buy	4
Hedge of trade receivables and highly probable foreign Currency Sale	EUR 2.10	146.34	Sell	2
31 March, 2016				
Hedge of payables, buyers credit and highly probable foreign currency purchases	US $ 126.5	8,389.49	Buy	176
Hedge of trade receivables and highly probable foreign Currency Sale	US $ 60.2	3,992.80	Sell	67

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

Purpose	Foreign currency (In million)	Amount (INR in million)	Buy/Sell	No. of contracts (Quantity)
Hedge of payables, buyers credit and highly probable foreign currency purchases	EUR 0.4	29.16	Buy	2
Hedge of trade receivables and highly probable foreign Currency Sale	EUR 0.4	33.68	Sell	1
1 April, 2015				
Hedge of payables, buyers credit and highly probable foreign currency purchases	US $ 9.03	5,781.57	Buy	103
Hedge of trade receivables and highly probable foreign currency sale	US $ 6.33	4,098.37	Sell	60
Hedge of payables, buyers credit and highly probable foreign currency purchases	EUR 0.15	113.48	Buy	5
Hedge of trade receivables and highly probable foreign currency sale	EUR 0.26	164.60	Sell	1

(b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(i) Amount receivable in foreign currency on account of the following:

Category		31 March, 2017		31 March, 2016		1 April, 2015	
	Currency type	Foreign currency (In million)	Amount (INR in million)	Foreign currency (In million)	Amount (INR in million)	Foreign currency (In million)	Amount (INR in million)
Export of goods	US $	-	-	0.38	25.63	-	-
Export of goods	EUR	-	-	0.03	2.44	-	-
Advance to suppliers	EUR	-	-	-	-	0.01	0.92
Advance to suppliers	US $	-	-	-	-	0.11	7.54
Advance to suppliers	CAD	-	-	-	-	0.21	10.23
Balance with banks	ETB	-	-	0.52	1.92	-	-

(ii) Amounts payable in foreign currency on account of the following:

Category		31 March, 2017		31 March, 2016		1 April, 2015	
	Currency type	Foreign currency (In million)	Amount (INR in million)	Foreign currency (In million)	Amount (INR in million)	Foreign currency (In million)	Amount (INR in million)
Import of goods and services	EUR	0.22	15.58	15.58	-	-	-
Import of capital goods	EUR	0.01	0.79	0.79	-	-	-
Other financials liabilities	EUR	0.05	2.78	2.78	-	-	-

(c) Commodity future contracts to hedge against fluctuation in commodity prices:

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

The following are the outstanding future contracts entered into by the company as on 31 March, 2017:

Year	Commodity type	No. of contracts	Contracted quantity (MT)	Buy/Sell
31 March, 2017	Aluminium*	200	57,762	Buy
31 March, 2017	Aluminium	30	4,030	Sell
31 March, 2017	Copper	5	183	Buy
31 March, 2017	MJP	16	18,000	Buy
31 March, 2016	Aluminium*	280	73,701	Buy
31 March, 2016	Aluminium	70	9,350	Sell
1 April, 2015	Aluminium	261	73,409	Buy
1 April, 2015	Aluminium	59	10,550	Sell

NOTE 42: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year .			
Principal amount due to micro and small enterprises	24.06	15.80	5.20
Interest due on above	1.04	0.30	0.10
(ii) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointedday during each accounting year.	-	-	
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-	
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.04	0.30	0.10
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-	

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 is INR 1.04 million (31 March, 2016: INR 0.30 million, 1 April, 2015: INR 0.10 million) and the same is not accrued in the books of accounts. Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimations received from the "suppliers" / informations available with the Company regarding their status under the Micro, Small and Medium Enterprises Development Act , 2006.

NOTE 43: DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (Ind AS) 11 "CONSTRUCTION

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

CONTRACTS"

(INR in million)

	31 March, 2017	31 March, 2016
Amount of contract revenue recognised during the year	1,879.07	1,685.93
The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the reporting date	1,868.12	1,685.93
Amount of customer advances outstanding for contracts in progress upto the reporting date	4.81	5.25
Retention amount due from customers for contracts in progress upto the reporting date	-	148.15
Gross amount due from customers for contract work as an asset	3.38	3.27
Gross amount due to customers for contract work as a Liability	(26.06)	-

NOTE 44 : SPECIFIED BANK NOTES

Following is the disclosure relating to details of Specified Bank Notes (SBN) held and transacted by the Company during the period from 8 November, 2016 to 30 December, 2016 in accordance with the amendment to Schedule [I] vide G.S.R. 308(E) dated 30 March, 2017 as issued by the Ministry of Corporate Affairs :

(Amount in INR)

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand on 08.11.2016	271,000	-	271,000
Add: Permited receipts	-	-	-
Less: Permited payments	-	-	-
Less: Amount deposited in banks	271,000	-	271,000
Closing cash in hand on 30.12.2016	-	-	-

NOTE 45 : DEMERGER OF POWER BUSINESS FROM STERLITE TECHNOLOGIES LIMITED

A. The Board of directors of the Sterlite Technologies Limited on 18 May, 2015 approved the Scheme of Arrangement under Sections 391 – 394 of the Companies Act, 1956 ('the Scheme') between Sterlite Technologies Limited ('STL' or 'Demerged company'), Sterlite Power Transmission Limited ('SPTL' or 'Resulting company' or 'Company') & their respective shareholders & creditors for the demerger of power products and solutions business (including the investments of STL in power transmission infrastructure subsidiaries i.e. Sterlite Power Grid Ventures Limited and East North Interconnection Company Limited) into the Company with the appointed date of 1 April, 2015. The Scheme was approved by the Hon'ble Bombay High Court vide Order dated 22 April, 2016 and it became effective from 23 May, 2016 (being the date of filing with Registrar of Companies).

The Company was incorporated on 5 May, 2015 with the object of carrying out business of power products and solutions under the name Sterlite Power Transmission Limited. As per the Scheme, power products and solutions business (including the investments of STL in power transmission infrastructure subsidiaries i.e. Sterlite Power Grid Ventures Limited and East North Interconnection Company Limited) has been transferred into the Company with the appointed date of 1 April, 2015.

B. The Scheme inter alia provides for issue by SPTL, at the option of the shareholder of STL, of either one equity share of face value of INR 2 or one redeemable preference share of face value of INR 2 issued at a premium of INR 110.30 per share for every 5 fully paid up equity shares of INR 2 each of the Demerged company & redeemable on expiry of eighteen months from the date of allotment at a premium of INR 123.55 per share for eligible members other than non residents. In case of non residents one equity share of face value of INR 2 for every 5 fully paid up equity shares of INR 2 each of the Demerged company and all such equity shares shall be purchased by the promoters of the Demerged Company and/or their affiliates or any other person and/or entity identified by them, in accordance with the scheme.

C. As per the option exercised by the shareholders of STL 61.18 million equity shares and 17.09 million redeemable preference shares were issued on 22 August, 2016.

D. Further, as per the Scheme, the investment of STL in SPTL of INR 0.05 crore has been cancelled w.e.f. 1 April, 2015.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

E As per the Scheme, the following assets and liabilities pertaining to Power Business were transferred from STL to SPTL w.e.f. 1 April, 2015:

Particulars	INR in millions*
ASSETS	
Non-current assets	
Fixed assets	
Tangible assets	2,389.36
Intangible assets	0.73
Capital work-in-progress	29.81
	2,419.90
Non-current investments	11,981.08
Long-term loans and advances	117.75
Other non-current assets	4.20
	14,522.93
Current assets	
Inventories	2,366.52
Trade receivables	4,130.64
Cash and bank balances	5.10
Short-term loans and advances	981.05
Other current assets	17.98
	7,501.30
TOTAL (A)	**22,024.23**
LIABLITIES	
Non-current liabilities	
Long-term borrowings	5,632.50
Deferred tax liabilities (net)	57.50
Long-term provisions	22.75
	5,712.75
Current liabilities	
Short-term borrowings	2,286.54
Trade payables	5,860.98
Other current liabilities	2,492.04
Short-term provisions	14.12
	10,653.68
TOTAL (B)	**16,366.43**
Excess of book value of assets over the book value of liabilities (A - B)	**5,657.79**
Total consideration payable by the Company to equity share holders of STL	8,880.92
Goodwill	**3,223.09**

* These figures are as per Indian GAAP. For adjustments relating to transition to Ind AS as at 1 April, 2015, refer Note 46.

As per the Scheme, difference between total consideration payable by the Company to equity share holders of Sterlite Technologies Limited and excess of book value of assets over the book value of liabilities transferred from Sterlite Technologies Limited is recognised as Goodwill and amortised over a period of five years as required under the Scheme.

F As per the Scheme, the resulting company shall reimburse the demerged company for all liabilities incurred by the demerged company in so far as such liabilities relate to period prior to the appointed date i.e. 1 April, 2015 in respect of the demerged undertaking. The management does not expect any cash outflow in respect of the above.

NOTE 46: FIRST TIME ADOPTION OF IND AS

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

These standalone financial statements, for the year ended 31 March, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for period ending on 31 March, 2017, together with the comparative period data as at and for the year ended 31 March, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April, 2015 and the financial statements as at and for the year ended 31 March, 2016.

Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- Freehold land has been measured at fair value at the date of transition to Ind AS being 1 April, 2015. The Company has elected to regard the fair value of land as deemed cost at the date of transition to Ind AS.

- The Company has designated investments in equity instruments of subsidiaries held at 1 April, 2015 as fair value through OCI investments.

Estimates

The estimates at 1 April, 2015 and at 31 March, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTOCI – unquoted equity instruments

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April, 2015, the date of transition to Ind AS and as of 31 March, 2016.

Hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts and commodity future contracts, to hedge its foreign currency risks and commodity price risks, respectively. Under Indian GAAP, there is no mandatory standard that deals comprehensively with hedge accounting, which has resulted in the adoption of varying practices. The Company has designated various economic hedges and applied economic hedge accounting principles to avoid profit or loss mismatch. All the hedges designated under Indian GAAP are of types which qualify for hedge accounting in accordance with Ind AS 109 also. Moreover, the Company, before the date of transition to Ind AS, has designated a transaction as hedge and also meets all the conditions for hedge accounting in Ind AS 109. Consequently, the Company continues to apply hedge accounting after the date of transition to Ind AS.

Reconciliation of equity as at 1 April, 2015 (date of transition to Ind AS)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(INR in million)

ASSETS	Footnotes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
Non-current assets		Refer note -a mentioned below		
Property, Plant & Equipment	1	2,389.36	205.54	2,594.90
Capital work-in-progress		29.81		29.81
Goodwill	2	3,223.09	(843.30)	2,379.79
Other Intangible assets		0.73		0.73
Financial Assets				
Investment	2,5	11,981.03	806.47	12,787.50
Other non-current financial assets	3	12.06	(0.28)	11.77
Other non-current assets		103.01	-	103.01
		17,739.09	**168.43**	**17,907.51**
Current assets				
Inventories		2,366.52	-	2,366.52
Financial Assets				
Trade receivables	9	4,130.64	(9.70)	4,120.94
Cash and cash equivalents		19.08	-	19.08
Other financial assets	4	44.32	0.71	45.03
Other current assets		939.28	-	939.27
		7,499.84	**(8.99)**	**7,490.86**
TOTAL ASSETS		**25,238.93**	**159.44**	**25,398.37**
EQUITY AND LIABILITIES				
Equity				
Share capital suspense account		8,880.92	-	8,880.92
Other equity				
Retained Earnings	1, 2, 3, 5, 6, 7,		(50.72)	(50.72)
Other reserves	4,5		(528.79)	(528.79)
Total Equity		**8,880.92**	**(579.51)**	**8,301.41**
Non-current liabilities				
Financial Liabilities				
Borrowings	6	5624.3	-	5,624.30
Employee benefit obligations		22.75	-	22.75
Deferred tax liabilities (net)	1,2,4	57.50	224.93	282.43
		5,704.55	**224.93**	**5,929.48**
Current liabilities				
Financial Liablities				
Borrowings	6	7,550.47	(32.41)	7,518.07
Trade payables		596.95	-	596.95
Other financial liabilities	4	1,140.92	546.43	1,687.35
Other current liabilities		1,350.99	-	1,350.99
Employee defined benefit liabilities		14.12	-	14.12
		10,653.46	**514.02**	**11,167.48**
TOTAL EQUITY AND LIABILITIES		**25,238.93**	**159.44**	**25,398.37**

Note a

The Company was incorporated on 5 May, 2015 with the object of carrying out business of power products

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

and solutions under the name Sterlite Power Transmission Limited. As per the Scheme explained in Note 42, power products and solutions business (including the investments of STL in power transmission infrastructure subsidiaries i.e. Sterlite Power Grid Ventures Limited and East North Interconnection Company Limited) has been dermerged from Sterlite Technologies Limited and merged into the Company with the appointed date of 1 April, 2015. The opening balance sheet of the Company as on the date of Ind AS transition i.e. 1 April, 2015 is prepared by the management after considering the impact of the merger.

Reconciliation of equity as at 31 March, 2016 :

(INR in million)

ASSETS	Footnotes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
Non-current assets				
Property, Plant & Equipment	1, 7	2,243.26	210.72	2,453.98
Capital work-in-progress		4.91	-	4.91
Goodwill	2	2,578.46	(674.64)	1,903.82
Other Intangible assets		1.50	-	1.50
Financial Assets				
Investments	2	12,480.98	7,777.39	20,258.38
Other non-current financial assets	3	11.10	(0.19)	10.91
Other non-current assets		137.83	-	137.83
		17,458.04	**7,313.28**	**24,771.33**
Current assets				
Inventories		2,151.70	-	2,151.70
Financial Assets				
Investments		500.00		500.00
Loans		273.28		273.28
Trade receivables	9	4,038.14	(7.30)	4,030.84
Cash and cash equivalents		894.54	-	894.54
Other bank balances		636.54	-	636.54
Other current financial assets		11.43	-	11.43
Other current assets		698.45	-	698.45
		9,204.08	(7.30)	9,196.78
TOTAL ASSETS		**26,662.12**	**7,305.98**	**33,968.11**
EQUITY AND LIABILITIES				
Equity				
Share capital suspense account		8,880.92	-	8,880.92
Other equity				
Retained Earnings	1, 2, 3, 5, 6, 7,	(1,088.19)	116.55	(967.68)
Other reserves	4,5		4,767.93	4,763.98
Total Equity		**7,792.73**	**4,884.48**	**12,677.22**
Non-current liabilities				
Financial Liabilities				
Borrowings		4,330.53	-	4,330.53
Employee benefit obligations		18.77	-	18.77
Deferred tax liabilities (net)	1,2,4	57.50	1,833.43	1,890.93
		4,406.80	**1,833.43**	**6,240.23**
Current liabilities				
Financial Liablities				

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2017

(INR in million)

ASSETS	Footnotes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
Borrowings	6	7,921.25	(21.24)	7,900.01
Trade payables	8	2,702.88	(103.73)	2,599.14
Other financial liabilities	4,6	2,391.00	713.07	3,104.07
Employee benefit obligations		20.80	-	20.80
		13,035.93	**588.07**	**13,624.02**
TOTAL EQUITY AND LIABILITIES		**25,235.47**	**7,305.98**	**32,541.46**

Profit reconciliation for the year ended 31 March, 2016 :

(INR in million)

	Footnotes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
INCOME				
Revenue from operations	10	25,090.04	10.14	25,100.17
Less: Excise Duty	10	(1,763.25)	1,763.25	-
Other income		23.85	-	23.85
Total income (I)		**23,350.64**	**1,773.39**	**25,124.02**
EXPENSES				
Cost of raw material and components consumed	4	17,694.12	16.50	17,710.62
Purchase of traded goods		340.63	-	340.63
work-in-progress and traded goods		126.95	-	126.95
Excise duty on sale of goods	10	-	1,763.25	1,763.25
Employee benefits expense	11	362.49	3.96	366.45
Other expenses	3,	3,191.83	1.37	3,193.20
Total expenses (II)		**21,716.02**	**1,785.08**	**23,501.10**
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		1,634.62	(11.69)	1,622.92
Depreciation and amortisation expense	1, 2, 7	994.14	(173.84)	820.31
Finance costs	4, 6, 7	1,735.76	(3.67)	1,732.10
Finance income	3, 12	(7.09)	(1.46)	(8.55)
Loss before tax		**(1,088.20)**	**167.28**	**(920.92)**
Income tax expense		-	-	-
Loss for the year		**(1,088.20)**	**167.28**	**(920.92)**
Other comprehensive income	13			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net movement on cash flow hedges	4	-	(598.45)	(598.45)
Income tax effect		-	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	(598.45)	(598.45)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(INR in million)

	Footnotes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
Re-measurement gain/(loss) on defined benefit plans	11	-	3.96	3.96
Income tax effect		-	-	-
Net gain/(loss) on FVTOCI equity securities	5	-	6,970.92	6,970.92
Income tax effect		-	(1,608.51)	(1,608.51)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-**	**5,366.38**	**5,366.38**
Other comprehensive income for the year		**-**	**4,767.93**	**4,767.93**
Total comprehensive income for the year		**(1,088.20)**	**4,935.21**	**3,847.01**

Footnotes to the reconciliation of equity as at 1 April, 2015 and 31 March, 2016 and profit or loss for the year ended 31 March, 2016:

1 Property, plant and equipment

The Company has elected to measure freehold land at fair value of INR 329.27 million at the date of transition to Ind AS. Hence at the date of transition to Ind AS, an increase of INR 261.76 million (31 March, 2016: INR 261.76 million) was recognised in property, plant and equipment.

The Company had earlier capitalised certain preoperative expenses in building and plant & machinery. Hence an amount equivalent to INR 71.78 million (31 March, 2016: INR 71.78 million) was reduced from property, plant and equipment. Further, the accumulated depreciation of INR 15.56 million (31 March, 2016: INR 20.74 million) and depreciation charge of INR 5.18 million for the year ended 31 March, 2016 on such capitalised expenses was reversed.

The net adjustment to the carrying amounts of property, plant and equipment has been adjusted against opening retained earnings (net of deferred tax).

2 Goodwill

Goodwill was generated as at 1 April, 2015 on account of excess consideration in the form of equity / preference shares issued over the book value of net assets transferred under the Scheme of demerger (refer Note 45). Under Ind AS, the Company has fair valued freehold land (treated as deemed cost under first time adoption of Ind AS) and investments in equity instruments (which have been designated as FVTOCI investments) as at the date of transition to Ind AS i.e 1 April, 2015. As a result, the Goodwill amount as at 1 April, 2015, to the extent of the difference in fair value and carrying values of freehold land and FVTOCI investments (net of deferred tax) has been adjusted to opening retained earnings.

The goodwill balance is being amortised over a period of five years from 1 April, 2015 as per Court Order. As a result of the adjustment to goodwill under Ind AS, the charge in respect of amortisation of goodwill is the statement of profit and loss for the year ended 31 March, 2016 is lower by INR 168.66 million.

3 Other non-current financial assets

Interest free security deposits have been accounted for at amortised cost using market rates of interest. The difference between the nominal amount of deposits and the amortised cost as at the date of transition to Ind AS of INR 0.28 million (31 March, 2016: INR 0.19 million) has been classified as prepaid expenses under other non-current assets. Interest income on deposits is recognised on EIR basis disclosed under Finance income and the prepaid expense is amortised on a straight line basis over the period of deposit disclosed under Other expenses.

4 Other current financial assets / liabilities

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

The adjustments of INR 0.71 millions (31 March, 2016:Nil) in other current financial assets, 546.43 million (31 March, 2016: INR 713.04 million) in other current financial liabilities pertain to accounting for derivatives. The fair value of foreign exchange forward contracts and commodity future contract is recognised under Ind AS, and was not recognised under Indian GAAP. The contracts, which were designated as hedging instruments under Indian GAAP, have been designated as at the date of transition to Ind AS as hedging instrument in cash flow hedges of either expected future sales or purchases for which the Company has firm commitments or expected sales or purchases that are highly probable.

The corresponding adjustment has been recognised as a separate component of equity, in the cash flow hedge reserve. On the date of transition, cash flow hedge reserve was debited by INR 528.79 million on 1 April, 2015 (31 March, 2016: INR 598.45 million)

5 FVTOCI Financial assets

Under Indian GAAP, the Company accounted for long term investments in unquoted equity shares, compulsorily convertible preference shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount of INR 620.40 millions has been adjusted to opening retained earnings, net of related deferred taxes. Further, the change in fair value of FVTOCI investments during the year ended 31 March, 2016 of INR 5,362.42 million (net of deferred tax of INR 1,608.51 million) has been reconised in Other Comprehensive Income and accumulated in a separate component of equity under 'FVTOCI Reserve'.

Under Indian GAAP, the investments in mutual funds was classified as current investment based on the intended holding period and realisability and carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments are recognised in the statement of profit and loss.

6 Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised and charged to profit or loss over the period of the borrowings. Unamortised costs were disclosed under Other assets. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

7 Other financial liabilities

Under Ind AS, deferred payables for purchase of property, plant and equipment beyond normal credit terms have been measured at cash price equivalent and the differential amount is recognised as interest expense over the period of credit. Under Indian GAAP, such payables were recognised and measured at nominal amounts and Interest income has been recognised on such amount.

8 Trade payables and other current liabilities

For the purpose of Ind AS financial statements, certain amounts have been reclassified among trade payables, short term borrowings,other current financial liabilities and other current liabilities based on the requirements of Ind AS. There is no change in the measurement of such amounts under Ind AS as compared to Indian GAAP.

9 Trade Receivables

During the year company has entered into certain foreign exchange forward contracts on account of hedging of certain receivables, therefore the MTM gain of such hedging contracts has been adjusted from the receivables, an amount of INR 9.70 millions on 1 April, 2015 and INR 7.30 millions on 31 March, 2016 has been adjusted from trade receivables.

10 Revenue from operations

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

Under Indian GAAP, Revenue from operations was disclosed net of Excise duty on sales of INR 1,763.25 millions for the year ended 31 March, 2016. Under Ind AS, Revenue is shown gross of Excise duty and the amount of Excise duty is shown as expense in the Statement of Profit and Loss. Also, the adjustments related to MTM of INR 10.14 millions on 31 March, 2016 of certain commodity futures has been adjusted from sales on account of Derivative contracts.

11 Employee benefits expense

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is increased by INR 3.96 millions.

12 Finance income

Under Ind AS, Finance income has been shown separately. Under Indian GAAP, such income was disclosed under Other Income.

13 Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

14 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

NOTE 47: FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(INR in millions)

Particulars	Carrying Value			Fair Value		
	31 March, 2017	31 March, 2016	1 April, 2015	31 March, 2017	31 March, 2016	1 April, 2015
Financial assets						
Investments	25,292.93	20,258.38	12,787.50	25,292.93	20,258.38	12,787.50
Derivative instruments	655.12	-	0.71	655.12	-	0.71
Total	**25,948.05**	**20,258.38**	**12,788.21**	**25,948.05**	**20,258.38**	**12,788.21**
Financial liabilities						
Derivative instruments	400.04	749.40	546.43	400.04	749.40	546.43
Total	**400.04**	**749.40**	**546.43**	**400.04**	**749.40**	**546.43**

The management assessed that cash and cash equivalents, trade receivables, trade payables, other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has further assessed that borrowings availed and loans given approximate their carrying amounts largely due to the interest rates being variable or in case of fixed rate borrowings/loans, movements in interest rates from the recognition of such financial instrument till period end not being material.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted mutual funds are based on price quotations at the reporting date.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

- The fair values of the unquoted equity instruments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- The Company enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The fair values of commodity futures contracts are based on price quoatations on LME at the reporting date. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March, 2017, 31 March, 2016 and 1 April, 2015 are as shown below:

Description of significant unobservable inputs to valuation:

A. FVTOCI assets - Unquoted equity instruments of Sterlite Power Grid Ventures Limited ('SPGVL')

The fair value of the investments in equity instruments of SPGVL (Equity shares and Compulsorily convertible preference shares) have been determined based on the fair values of the various transmission projects owned by SPGVL and the fair value of the EPC business undertaken by SPGVL (for its subsidiaries which are trasnmission project entities). Such fair values have been computed based on discounted cash flow (DCF) method.

(INR in millions)

S. N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value (of equity shares and compulsorily convertible preference shares of SPGVL)		
				31 March, 2017	31 March, 2016	1 April, 2015
(i)	Cost of Equity	(i) Operational Projects - 31 March, 2017 - 11.70% to 13.78% 31 March, 2016 - 11.33% to 13.40% 1 April, 2015 - 10.25% to 13.75% (ii) New/under construction project - 31 March, 2017 - 13.76% - 14.48% 31 March, 2016 - 11.42% to 13.86% 1 April, 2015 - 15.00% to 20.75% (iii) EPC Business 31 March, 2017 - 13.45% 31 March, 2016 - 12.71% 1 April, 2015 - 12.83%	0.5% increase	(2,105.33)	(1,838.06)	(818.89)
			0.5% decrease	2,320.10	2,034.14	900.51

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(INR in millions)

S. N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value (of equity shares and compulsorily convertible preference shares of SPGVL)		
				31 March, 2017	31 March, 2016	1 April, 2015
(ii)	Cost of Debt	(i) Transmission Business 31 March, 2017 - 8.20% to 9.10% 31 March, 2016 - 8.20% to 9.10% 1 April, 2015 - 10.75% to 11.00%	0.5% increase	(2,211.73)	(1,397.84)	(640.15)
		(ii) EPC Business 31 March, 2017 - 9.35% 31 March, 2016 - 9.35% 1 April, 2015 - 9.35%	0.5% decrease	2,246.35	1,396.65	659.05
(iii)	Incremental tariff expected to be approved by CERC in respect of cost overruns due to force majeure/ change in law (as % of non-escalable tariff)	Bhopal Dhule Transmission Company Limited 31 March, 2017 - 7% 31 March, 2016 - 7% 01 April, 2015 - 13.71%	Increase by 5% (of non-escalable tariff)	580.69	903.09	1,000.75
		Jabalpur Transmission Company Limited 31 March, 2017 - Nil* 31 March, 2016 - 41% 01 April, 2015 - 22.75%	Decrease by 5% (of non-escalable tariff)	(580.31)	(903.09)	(994.13)
(iv)	Debt refinancing post completion of the project	Refer note below	10% increase	227.47	92.82	-
			10% decrease	(233.34)	(92.83)	-
(V)	Project cost	Refer note below	5% increase	(2,136.48)	(769.50)	(69.62)
			5% decrease	2,125.41	774.15	69.62

* CERC vide order dated 8 May, 2017 approved an incremental tariff of 9.89% which has been considered for calculation of fair value and hence the same has not been included for sensitivity analysis in the above table.

Note:

(INR in millions)

Project	Debt Refinancing after completion of project			Project cost		
	31 March, 2017	31 March, 2016	1 April, 2015	31 March, 2017	31 March, 2016	1 April, 2015
Bhopal Dhule Transmission Company Limited	-	-	-	-	-	19,406.70
Jabalpur Transmission Company Limited	-	-	-	-	-	17,001.50
RAPP Transmission Company Limited	-	-	-	-	-	2,490.60
Purulia & Kharagpur Transmission Company Limited	-	-	-	-	4,065.20	4,065.20

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Note: (INR in millions)

Project	Debt Refinancing after completion of project			Project cost		
	31 March, 2017	31 March, 2016	1 April, 2015	31 March, 2017	31 March, 2016	1 April, 2015
NRSS XXIX Transmission Limited	5,000.00	5,000.00	-	25,000.00	25,000.00	25,000.00
Maheshwaram Transmission Limited	550.00	-	-	3,450.00	3,450.00	-
Khargone Transmission Limited	1,500.00	-	-	11,840.00	-	-
Odisha Generation Phase-II Transmission Limited	1,250.00	-	-	10,430.00	-	-
Gurgaon-Palwal Transmission Limited	-	-	-	8,820.00	-	-
NER-II Transmission Limited	5,000.00	-	-	18,190.00	-	-

B. FVTOCI assets - Unquoted equity instruments of Sharper Shape Group Inc.

Valuation technique: Discounted Cash Flow (DCF) method

S. N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value as of 31 March, 2017 #
(i)	Long-term growth rate for cash flows for subsequent years	31 March, 2017: 3%	2% increase 2% decrease	2% increase in the growth rate would result in increase in fair value by INR 8.39 Million and 2% decrease would result decrease in fair value by INR 6.86 millions
(ii)	Long-term operating margin	31 March, 2017: 10.48%	1% increase 1% decrease	1% increase would result in increase in fair value by INR 7.14 Million and 1% decrease would result decrease in fair value by INR 7.14 millions
(iii)	WACC (pre-tax)	31 March, 2017: 22.92%	1% increase 1% decrease	1% increase in the WACC would result in decrease in fair value by INR 10.13 million and 1% decrease in fair value would result in increase in fair value by INR 9.10 million
(iv)	Discount for lack of marketability	31 March, 2017: 10%	5% increase 5% decrease	Increase in the discount by 5% would result in decrease in fair value by INR 6.26 million and decrease in dicount by 5% would result in increase in the fair value by INR 6.26 million

The investment in Sharper Shape Group Inc. was made in the current year, hence disclosures as of 31 March, 2016 and 1 April, 2015 have not been given.

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NOTE 48: FAIR VALUES HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March, 2017; 31 March, 2016 and 1 April, 2015

	Fair value measurement using			
	Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/(liabilities) measured at fair value through profit and loss				
Mutual fund investments				
As at 31 March, 2017	-	-	-	-
As at 31 March, 2016	500.00	500.00	-	-
As at 1 April, 2015	-	-	-	-
Assets/(liabilities) measured at fair value through other comprehensive income				
Investment in equity instruments				
As at 31 March, 2017	25,292.93	-	-	25,292.93
As at 31 March, 2016	19,758.38	-	-	19,758.38
As at 1 April, 2015	12,787.50	-	-	12,787.50
Derivative assets				
As at 31 March, 2017	655.12	-	655.12	-
As at 31 March, 2016	-	-	-	-
As at 1 April, 2015	0.71	-	0.71	-
Derivative liabilities				
As at 31 March, 2017	400.04	-	400.04	-
As at 31 March, 2016	749.40	-	749.40	-
As at 1 April, 2015	546.43	-	546.43	-

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

NOTE 49: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Company reviews and agrees policies for managing each of these risks, which are summarised below

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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for the year ended 31 March, 2017

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit Risk, Liquidity Risk and Market risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March, 2017 and 31 March, 2016.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March, 2017.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March, 2017 and 31 March, 2016.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate primarily relates to the Company's long term debt obligations with floating interest rates.

The Company is exposed to the interest rate fluctuation in domestic borrowing. The Company has all its borrowing on floating rate of interest

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on that portion of loans and borrowings affected. With all the other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Amount in INR millions)

Particulars	Increase/Decrease in Basis Points	Effect on profit before tax / pre-tax equity
31 March, 2017		
Base Rate	+50	(59.00)
Base Rate	-50	59.00
31 March, 2016		
Base Rate	+50	(54.54)
Base Rate	-50	54.54

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company has a policy to keep minimum forex exposure on the books that are likely to occur within a maximum 12-month period for hedges of forecasted sales and purchases.

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When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Out of total foreign currency exposure the Company has hedged the exposure of 99.82% as at 31 March, 2017 and 100% as at 31 March, 2016.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material. With all the other variable held constant, the Company's profit before tax is affected through the impact on change of foreign currency rate as follows-

(in INR millions)

	Change in USD rate	Effect on profit before tax / pre-tax equity	Change in Euro rate	Effect on profit before tax / pre-tax equity
31 March, 2017	+5%	0.00/114.73	5%	0.96/3.20
	-5%	0.00/(114.73)	-5%	(0.96)/(3.20)
31 March, 2016	+5%	0.00/145.65	5%	-
	-5%	0.00/(145.65)	-5%	-

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of aluminium and copper for manufacture of conductor and OPGW, power cables and therefore require a continuous supply of aluminium and copper. Due to the volatility of the price of aluminium and copper, the Company enters into various purchase contracts for aluminium and copper on London Metal Exchange. The prices in these purchase contracts are linked to the price on London Metal Exchange.

The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Based on a 1 month forecast of the required copper, and aluminium supply, the Company hedges the purchase price using future commodity purchase contracts. The forecast is deemed to be highly probable.

Commodity price sensitivity

As per the Company's policy for commodity price hedging, all the commodity price exposures as on reporting dates are fully hedged. Thus, there are no open unhedged exposures on the reporting dates.

Equity price risk

The Company's non-listed equity securities, redeemable preference shares and compulsorily convertible preference shares are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed equity securities, redeemable preference shares and compulsorily convertible preference shares at fair value was INR 25315.12 million (31 March, 2016: INR 20258.38 million, 01 Aprill 2015: INR 12787.50 million).

Sensitivity analysis of these investments have been provided in Note 47

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B) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financials guarantee given by the Company on behalf of subsidiaries. The Company's maximum exposure in this regard is the maximum amount company could have to pay if the guarantee is called on as at 31 March, 2017 INR 461.63 millions (31 March, 2016 INR 1,250.23 millions 1 April, 2015 INR 2,209.33 millions). These financial guarantees have been issued to bank and long term transmission customer on behalf of its subsidiaries . Based on the expectations at the end of reporting period, the company considers likelihood of any claim under guarantee is remote.

Factoring

The company has entered into an arrangement with HDFC Bank for non recourse factoring pursuant to which the company has derecognised trade receivables of INR 1275.51 Millions (31 March, 2016: INR 699.33 millions)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year . The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March, 2017 and 31 March, 2016 is the carrying amounts of each class of financial assets except for financial guarantees and derivative financial instruments. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note 41 and the liquidity table below:

C) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The Company requires funds both for short term operational needs as well as for long term investment programs mainly in growth projects. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

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The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 60 - 90 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

INR in millions

Particulars	Payable on demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
As at 31 March, 2017						
Borrowings	3,000.57	1,084.34	1,481.40	4,979.89	175.00	10,721.19
Other financial liabilities	8.04	355.35	3,305.29	-	-	3,668.68
Trade payables		3,820.56				3,820.56
Payables for purchase of Property, plant and equipments	-		15.45	205.96	-	221.42
Derivatives	-	-	400.04	-	-	400.04
Financial guarantee contracts*	761.63	0.00	0.00	0.00	0.00	761.63
	3,770.22	**5,260.25**	**5,202.19**	**5,185.85**	**175.00**	**19,593.52**
As at 31 March, 2016						
Borrowings	2,300.06	2,734.56	2,865.39	4,330.51	-	12,230.51
Other financial liabilities	1.47	1,447.98	898.48	-	-	2,347.94
Trade payables	-	2,599.14	-	-	-	2,599.14
Payables for purchase of Property, plant and equipments	-	-	6.73	-	-	6.74
Derivatives	-	-	749.40	-	-	749.41
Financial guarantee contracts*	1,250.23	0.00	0.00	0.00	0.00	1,250.24
	3,551.76	**6,781.68**	**4,520.00**	**4,330.51**	**0.00**	**19,183.98**
As at 1 April, 2015						
Borrowings	1,079.35	-	6,438.72	5,624.29	-	13,142.36
Other financial liabilities	1.75	-	1,125.38	-	-	1,127.13
Trade payables	-	596.95	-	-	-	596.95
Payables for purchase of Property, plant and equipments	-	-	13.79	-	-	13.79
Derivatives	-	-	546.43	-	-	546.43
Financial guarantee contracts*	2,965.03	0.00	0.00	0.00	0.00	2,965.03
	4,046.13	**596.95**	**8,124.32**	**5,624.29**	**0.00**	**18,391.69**

* Based on the maximum amount that can be called for under the financial guarantee contract. Financial guarantee contract pertains to guarantees given to term loan lender, long term transmission customer on behalf of subsidiaries. These will be invoked in case of default by subsidiaries.(refer note: 39)

NOTE 50: CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents excluding discontinued operations.

INR In millions

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Interest Bearing Loans and borrowings	13,998.96	14,097.52	13,981.28
Trade Payables	3,820.56	2,599.14	596.95
Other Financial Liabilities	612.35	487.66	302.00
Less: cash and short-term deposits and current Investments	(837.83)	(2,031.08)	(19.08)
Net debt	**17,594.04**	**15,153.24**	**14,861.15**
Equity share capital	122.36	-	-
Share suspense account	-	8,880.92	8,880.92
Other equity	14,656.50	3,796.30	(579.51)
Total capital	14,778.86	12,677.22	8,301.41
Capital and net debt	**32,372.90**	**27,830.46**	**23,162.56**
Gearing ratio	54.35%	54.45%	64.16%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March, 2017 and 31 March, 2016.

NOTE 51: RELATED PARTY DISCLOSURES

(A) Name of related party and nature of its relationship:

(a) Related parties where control exists

(i) Holding company

Twin Star Overseas Limited, Mauritius (Immediate holding company)

Volcan Investments Limited, Bahamas (Ultimate holding company)

(ii) Subsidiaries

Sterlite Power Grid Ventures Limited

Sterlite Grid 1 Limited

Sterlite Grid 2 Limited

Sterlite Grid 3 Limited

Sterlite Grid 4 Limited

Sterlite Grid 5 Limited

East North Interconnection Company Limited

Jabalpur Transmission Company Limited

Bhopal Dhule Transmission Company Limited

Purulia & Kharagpur Transmission Company Limited

RAPP Transmission Company Limited

NRSS XXIX Transmission Limited

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Maheshwaram Transmission Limited

Odisha Generation Phase II Transmission Limited

Gurgaon Palwal Transmission Limited

NER II Transmission Limited

Khargone Transmission Limited

Sterlite Investment Managers Limited (Erstwhile Sterlite Infraventures Limited)

(b) Other related parties under IND AS-24 "Related party disclosures" with whom transactions have taken place during the year

(i) Key Management Personnel (KMP)

Mr. Pravin Agarwal (Director)

Mr. Pratik Agarwal (CEO & Managing Director)

Mr. Arun Todarwal (Non executive & Independent Director)

Ms. Avaantika Kakkar (Non executive & Independent Director)

Mr. Lalit Tondon (Non executive & Independent Director)

(ii) Relatives of Key Management Personnel (RKMP)

Mr. Navin Agarwal

Mr. Ankit Agarwal

(iii) Fellow subsidiaries

Vedanta Limited

Fujairah Gold FZE

Bharat Aluminium Company Limited

Hindustan Zinc Limited

Twinstar Technologies Limited

Sterlite Technologies Limited

Sterlite Power Technologies Private Limited

Maharashtra Transmission Communication Infrastructure Limited

(c) Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

(i) Key Management Personnel (KMP)

Mr. Swapnil Patil (Company Secretary) with effect from 1 June, 2016 till 29 May, 2017

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(B) The transactions with related parties during the year and their outstanding balances are as follows:

(INR in million)

S. No.	Particulars	Subsidiaries			Holding Company			KMP			Fellow subsidiaries			Relatives of KMP	
	Transactions	**2016-17**	**2015-16**		**2016-17**	**2015-16**		**2016-17**	**2015-16**		**2016-17**	**2015-16**		**2016-17**	**2015-16**
1	Purchase of Equity Shares of Sterlite Investment Managers Limited (erstswhile known as Sterlite Infraventures Limited)	-	-		-	-	-	-	-		2.00	-		-	
2	Investment in redeemable preference shares	100.00	-		-	-	-	-	-		-	-		-	
3	Investment in compulsorily convertible preference shares		500.00		-	-	-	-	-		-	-		-	-
4	Loans and advances given##	-	2.10		-	-	-	-	-		162.50	-		-	-
5	Repayment of advances	95.51			-	-	-	-	-		273.28	-		-	-
6	Purchase of goods	-	-		-	-	-	-	-		8,466.92	8,403.79		-	-
7	Sale of services	-	-		-	-	-	-	-		128.94	65.71		-	-
8	Sale of goods	3,866.11	3,092.34		-	-	-	-	-		197.59	414.14		-	-
9	Interest paid	-	-		-	-	-	-	-		-	18.00		-	-
10	Interest income	-	-		-	-	-	-	-		9.40	-		-	-
11	Advance received against supplies	99.69	336.33		-	-	-	-	-		-	-		-	-
12	ESOP expenses paid	-	-		-	-	-	-	-		7.44	33.70		-	-
13	Management fees paid	-	-		-	-	-	-	-		-	286.20		-	-
14	Reimbursement of expenses	-	-		-	-	-	-	-		-	80.20		-	-
15	Purchase of power	-	-		-	-	-	-	-		21.80	19.16		-	-
16	Remuneration	-	-		-	-	-	19.79	-		-	-		-	-
17	Sitting fees	-	-		-	-	-	0.34	-		-	-		-	-
18	Issue of equity share capital	-	-		4,904.19	-	-	25.60	-		107.01	-		21.89	-
	Outstanding Balances	**31 March, 2017**	**31 March, 2016**	**1 April, 2015**	**31 March, 2017**	**31 March, 2016**	**01 April, 2015**	**31 March, 2017**	**31 March, 2016**	**1 April, 2015**	**31 March, 2017**	**31 March, 2016**	**1 April, 2015**		
1	Advance outstanding against supplies	530.63	336.33	56.67	-	-	-	-	-	-	-	-	17.85		
2	Loans/advance receivables##	-	95.51	92.01	-	-	-	-	-	-	279.13	273.28	-		
3	Trade receivables	654.67	82.35	812.85	-	-	-	-	-	-	-	286.30	91.18		
4	Trade payables	-	-	-	-	-	-	-	-	-	152.29	336.33	72.11		
5	Investment in equity shares and preference shares	25,180.48	20,258.38	12,787.50	-	-	-	-	-	-	-	-	-		
6	Corporate and bank guarantees given and outstanding	761.63	1,250.23	2,965.03	-	-	-	-	-	-	-	-	-		

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(C) Disclosure in respect of material related party transaction during the year:

(INR in million)

Particulars		Relationship	31 March, 2017	31 March, 2016
1	**Purchase of Equity Shares of Sterlite Investment Limited (erstwhile known as Sterlite Infraventures Limited)**			
	Vedanta Limited	Fellow subsidiary	2.00	-
2	**Investment in redeemable preference shares**			
	Sterlite Investment Manager Limited	Subsidiary	100.00	-
3	**Investment in compulsorily convertible preference shares**			
	Sterlite Power Grid Ventures Limited	Subsidiary	-	500.00
4	**Loans and advances given##**			
	Sterlite Grid 1 Limited	Subsidiary		2.10
	Sterlite Power Technologies Private Limited	Fellow subsidiary	162.50	-
5	**Repayment of advances**			
	Sterlite Grid 1 Limited	Subsidiary	95.51	-
	Sterlite Technologies Limited	Fellow subsidiary	193.17	-
	Twinstar Display Technologies Limited	Fellow subsidiary	80.11	-
6	**Purchase of goods**			
	Vedanta Limited	Fellow subsidiary	7,708.67	7,179.94
	Bharat Aluminium Company Limited	Fellow subsidiary	432.89	1,047.75
	Hindustan Zinc Limited	Fellow subsidiary	124.27	79.30
	Sterlite Technologies Limited	Fellow subsidiary	201.08	96.80
7	**Sale of services**			
	Vedanta Limited	Fellow subsidiary	128.94	65.71
8	**Sale of goods**			
	Sterlite Power Grid Ventures Limited	Subsidiary	3,866.11	2,819.13
	Sterlite Grid 1 Limited	Subsidiary	-	225.67
	Bhopal Dhule Transmission Company Limited	Subsidiary	-	47.54
	Maharashtra Transmission Communication Infrastructure Limited	Fellow subsidiary	117.53	331.21
	Vedanta Limited	Fellow subsidiary	0.07	74.45
	Hindustan Zinc Limited	Fellow subsidiary	79.99	8.48
9	**Interest paid**			
	Vedanta Limited	Fellow subsidiary	-	180.00
	Sterlite Technologies Limited	Fellow subsidiary	-	-
10	**Interest income**			
	Sterlite Power Technologies Private Limited	Fellow subsidiary	4.46	-
	Sterlite Investment Managers Limited	Fellow subsidiary	4.94	-
11	**Advance received against supplies**			
	Sterlite Power Grid Ventures Limited	Subsidiary	99.69	336.33
12	**ESOP expenses paid**			
	Sterlite Technologies Limited	Fellow subsidiary	7.44	33.70
13	**Management fees paid**			
	Sterlite Technologies Limited	Fellow subsidiary	-	286.20

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(INR in million)

	Particulars	Relationship	31 March, 2017	31 March, 2016
14	**Reimbursement of expenses**			
	Twin Star Technologies Limited		-	80.20
15	**Purchase of power**			
	Vedanta Limited	Fellow subsidiary	21.80	19.16
16	**Remuneration**			
	Mr. Swapnil Patil	KMP	0.56	-
	Mr. Pratik Agarwal	KMP	19.23	-
17	**Sitting fees**			
	Mr. Arun Todarwal	KMP	0.14	-
	Ms. Avaantika Kakkar	KMP	0.10	-
	Mr. Lalit Tondon	KMP	0.10	-
18	**Issue of equity share capital***			
	Twin Star Overseas Limited, Mauritius	Immediate Holding company	4,904.19	-
	Vedanta Limited	Fellow subsidiary	107.01	-

* The above shares were issued as a result of demerger from Sterlite Technologies Limited. Refer note 45

(D)Compensation of Key management personnel of the company:

Particulars	31 March, 2017	31 March, 2016
Short term employee benefits	19.79	-
Post employment benefits#	-	-

As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Key Management Personnel are not included above.

Includes expenses incurred and recoverable.

Note

All the related party transactions disclosed above have been shown at their nominal values without giving effect to the impact of reclassification into equity and liability and adjustment arising on account of effective interest rate method under Ind AS.

NOTE 52: SEGMENT INFORMATION

As permitted by paragraph 4 of Ind AS-108, 'Operating Segments', if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements. Thus, disclosures required by Ind AS-108 are given in consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 53: DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT 2013

Included in loans and advances are certain loans the particulars of which are disclosed below as required by Sec 186 (4) of Companies Act, 2013

(INR in millions)

Name of the loanee	Rate of Interest	Due date	Secured / Unsecured	31 March, 2017	31 March, 2016	
Sterlite Power Technologies Private Limited	8.50-9.00%	Repayable on demand	Unsecured	162.50	-	The loan has been utilised by the Company for working capital requirement

For details of investments, refer note 6. For details of guarantees given, refer note 51.

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

Per Paul Alvares
Partner
Membership Number : 105754

Place: London
Date: 29 May, 2017

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

Pravin Agarwal
Director
DIN : 00022096

Pratik Agarwal
CEO & Managing Director
DIN : 03040062

Harsh Shah
Chief Financial Officer

Ashok Ganesan
Company Secretary

Place: New Delhi
Date: 29 May, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
Sterlite Power Transmission Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Sterlite Power Transmission .Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at 31 March, 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2017, of their consolidated loss including other comprehensive income and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to:

i. Note 51 to the consolidated Ind AS financial statements which describes the effects of certain transmission lines in East North Interconnection Company Limited being rendered inoperable due to floods which is considered as a force majeure event under the transmission services agreement.

ii. Note 52 to the consolidated Ind AS financial statements which describes the uncertainty related to the outcome of the appeal filed with Appellate Tribunal for Electricity against the CERC Order dated 21 September, 2016 with regard to determination of the date of commercial operation for payment of transmission charges to RAPP Transmission Company Limited under the transmission services agreement.

iii. Note 53 to the consolidated Ind AS financial statements which describes the accounting for merger which has been done as per the Scheme of arrangement approved by the High Court.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit, we report that:

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

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

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

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

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

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on consolidated financial position of the Group – Refer Note 43 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 21 to the consolidated Ind AS financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2017;

iv. The Holding Company has provided requisite disclosures in Note 50 to the consolidated Ind AS financial statements as to the holdings of Specified Bank Notes on 8 November, 2016 and 30 December, 2016 as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Holding Company and as produced to us by the Management. As per books of accounts of the subsidiaries incorporated in India, and as represented by the management of these entities, the subsidiaries did not have cash balance as on 8 November, 2016 and 30 December, 2016 and have no cash dealings during this period.

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

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

Place: London
Date: 29 May, 2017

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF STERLITE POWER TRANSMISSION LIMITED

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

In conjunction with our audit of the consolidated Ind AS financial statements of Sterlite Power Transmission Limited as of and for the year ended 31 March, 2017, we have audited the internal financial controls over financial reporting of Sterlite Power Transmission Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place: London
Date: 29 May, 2017

CONSOLIDATED BALANCE SHEET

as at 31 March, 2017

(All amounts in INR million unless otherwise stated)

(INR in million)

Particulars	Note No.	31 March, 2017	31 March, 2016	1 April, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	21,517.26	54,992.10	31,561.66
Capital work-in-progress	3	19,006.87	7,719.91	21,240.55
Goodwill	4,5	1,850.04	2,940.32	3,675.42
Other intangible assets	4	15.81	3.40	4.13
Intangible assets under development		-	1.78	0.57
Financial assets				
i. Investments	6	112.45	-	-
ii. Loans	7	15.21	15.21	15.21
iii. Other financial assets	9	36.41	43.43	36.92
Other non-current assets	10	2,318.35	1,514.64	733.25
Deferred tax assets (net)	23	783.46	395.04	127.64
Assets classified as held for sale	11	5,879.92	-	-
Total non-current assets		**51,535.78**	**67,625.83**	**57,395.35**
CURRENT ASSETS				
Inventories	12	1,738.43	2,151.70	2,366.52
Financial assets				
i. Investments	6	795.20	837.25	36.88
ii. Loans	7	193.47	273.28	-
iii. Trade receivables	8	4,546.17	4,770.84	3,630.36
iv. Cash and cash equivalents	13	1,026.07	1,665.80	1,011.94
v. Other bank balances	14	416.69	144.65	17.70
vi. Other financial assets	9	1,174.22	715.94	339.20
Other current assets	10	986.60	944.95	1029.31
Assets classified as held for sale	11	32,744.10	27.93	39.89
Total current assets		**43,620.95**	**11,532.34**	**8,471.80**
TOTAL ASSETS		**95,156.73**	**79,158.17**	**65,867.15**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	122.36	-	-
Share Capital suspense account	16	-	8,880.92	8,880.92
Other equity				
i. Securities premium	17	6,748.37	-	-
ii. Retained earnings	17	(9,880.47)	(5,828.59)	(704.51)
iii. Other reserves	17	674.91	(603.05)	(528.79)
Total Equity		**(2,334.82)**	**2,449.28**	**7,647.62**
Liabilties				
Non-current liabilities				
Financial liabilities				
i. Borrowings	18	46,977.87	53,119.47	44,056.92
ii. Other financial liabilities	21	205.96	-	-
Employee benefit obligations	22	43.91	32.71	32.45
Deferred tax liabilities (net)	23	-	31.63	69.36
Total non-current liabilities		**47,227.74**	**53,183.81**	**44,158.73**
Current liabilities				
Financial Liablities				
i. Borrowings	19	7,850.23	11,393.91	7,646.80
ii. Trade payables	20	3,855.22	2,633.79	602.97
iii. Other financial liabilities	21	10,881.06	7,896.77	4,218.61
Employee benefit obligations	22	47.74	40.13	23.43
Other current liabilities	24	1,486.08	1,560.48	1,568.99
Current tax liabilities		71.29	-	-
Liabilities directly associated with assets classified as held for sale	11	26,072.19	-	-
Total current liabilities		**50,263.81**	**23,525.08**	**14,060.80**
TOTAL LIABILITIES		**97,491.55**	**76,708.89**	**58,219.53**
TOTAL EQUITY AND LIABILITIES		**95,156.73**	**79,158.17**	**65,867.15**
Summary of significant accounting policies	2.3			

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

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

Per Paul Alvares
Partner
Membership Number : 105754

Place: London
Date: 29 May, 2017

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

Pravin Agarwal
Director
DIN : 00022096

Pratik Agarwal
CEO & Managing Director
DIN : 03040062

Harsh Shah
Chief Financial Officer

Ashok Ganesan
Company Secretary

Place: New Delhi
Date: 29 May, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March, 2017

(All amounts in INR million unless otherwise stated)

(INR in million)

Particulars	Note No.	31 March, 2017	31 March, 2016
INCOME			
Revenue from operations	25	26,711.89	26,945.84
Other income	27	20.31	24.43
Total income (I)		**26,732.20**	**26,970.27**
EXPENSES			
Cost of raw material and components consumed	28	11,959.28	15,120.20
Purchase of traded goods and Subcontracting charges	29	843.86	332.89
(Increase) / decrease in inventories of finished goods work-in-progress and traded goods	30	197.91	126.95
Excise duty on sale of goods		1,433.15	1,429.43
Employee benefits expense	31	589.27	475.13
Other expenses	32	3,265.89	3,624.23
Total expenses (II)		**18,289.36**	**21,108.83**
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		**8,442.84**	**5,861.44**
Depreciation and amortisation expense	33	3,095.84	2,716.90
Impairment of goodwill and other non current assets	34	1,267.65	-
Finance costs	35	7,889.57	8,664.49
Finance income	26	(122.33)	(90.31)
Loss before tax		**(3,687.89)**	**(5,429.64)**
Tax expense:			
Current tax		469.02	-
Less: MAT credit entitlement		(52.66)	
Deferred tax		(494.02)	(302.29)
Income tax expense		**(77.66)**	**(302.29)**
Loss for the year		**(3,610.23)**	**(5,127.35)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on cash flow hedges		358.55	(605.48)
Income tax effect		(124.08)	2.42
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**234.47**	**(603.06)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain/(loss) on defined benefit plans		(1.09)	2.90
Income tax effect		(0.11)	0.37
		(1.20)	**3.27**
Other comprehensive income for the year		**233.27**	**(599.79)**
Total comprehensive income for the year		**(3,376.96)**	**(5,727.14)**
Earnings per equity share [nominal value of share INR 2]	**36**		
Basic and diluted			
Computed on the basis of loss for the year (INR)		(59.01)	(83.81)
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the Consolidated financial statements
As per our report of even date

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

Per Paul Alvares
Partner
Membership Number : 105754

Place: London
Date: 29 May, 2017

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

Pravin Agarwal
Director
DIN : 00022096

Pratik Agarwal
CEO & Managing Director
DIN : 03040062

Harsh Shah
Chief Financial Officer

Ashok Ganesan
Company Secretary

Place: New Delhi
Date: 29 May, 2017

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March, 2017

(All amounts in INR million unless otherwise stated)

(INR in million)

Particulars	Note No.	31 March, 2017	31 March, 2016
A. Cash flow from operating activities			
Net Loss as per statement of profit and loss		(3,610.23)	(5,127.35)
Adjustment for taxation		(77.66)	(302.29)
Loss before tax		**(3,687.89)**	**(5,429.64)**
Non-cash adjustment to reconcile loss before tax to net cash flows			
Depreciation and amortisation expenses	33,34	4,363.49	2,716.90
Provision for doubtful debts and advances	32	86.93	49.92
Profit on sale of tangible assets	27	(4.74)	(1.35)
Balances no longer payable written back	27	-	(18.10)
Provision for employees stock appreciation rights	31	(26.31)	-
Bad debts / advances written off	32	6.87	4.60
Finance costs	35	7,889.57	8,664.49
Finance income	26	(122.33)	(90.31)
Unrealized exchange difference		42.61	255.79
		12,236.09	**11,581.95**
Operating profit before working capital changes		**8,548.20**	**6,152.30**
Movements in working capital :			
Increase/(decrease) in trade payables		1,240.53	(680.95)
Increase/(decrease) in Employee benefit obligation		17.71	16.97
Increase/(decrease) in other liability		(70.05)	(8.51)
Increase/(decrease) in other financial liability		24.26	248.66
Decrease/(increase) in trade receivables		(423.35)	(1,194.99)
Decrease/(increase) in inventories		416.27	214.83
Decrease/(increase) in other current financial assets		(362.97)	(376.74)
Decrease/(increase) in other non current financial assets		4.81	0.86
Decrease/(increase) in other current assets		(171.73)	84.36
Decrease/(increase) in other non current assets		(30.84)	26.38
Change in working capital		**644.64**	**(1,669.13)**
Cash generated from operations		**9,192.84**	**4,483.18**
Direct taxes paid (net of refunds)		(302.79)	(9.60)
Net cash flow from operating activities		**8,890.05**	**4,473.58**
B. Cash flow from investing activities			
"Purchase of property, plant and equipment, including capital work-in-progress and capital advances"		(16,353.86)	(12,368.75)
Proceeds from sale of tangible assets		9.96	16.01
(Purchase)/proceeds of current investments (net)		(340.62)	(799.30)
Investment in equity/preference shares		(112.45)	(0.50)
Investment in bank deposits (having original maturity of more than three months)		(264.37)	(148.70)
Loans given to related parties		(162.50)	(273.28)
Repayment of advances from related parties		246.76	-
Interest/ Dividend received		29.69	72.41
Net cash flow used in investing activities		**(16,947.39)**	**(13,502.11)**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March, 2017

(All amounts in INR million unless otherwise stated)

(INR in million)

Particulars	Note No.	31 March, 2017	31 March, 2016
C. Cash flow from financing activities			
Issue of Optionally Convertible Preference Shares (OCRPS) (including premium)		-	500.00
Proceeds of long term borrowings		19,607.84	41,573.44
Repayment of long term borrowings		(3,227.80)	(33,498.35)
Proceeds/(repayment) of short term borrowings (net)		(3,551.79)	7,143.06
Interest paid		(5,179.24)	(6,039.47)
Net cash flow from financing activities		**7,649.01**	**9,678.67**
Net increase/(decrease) in cash and cash equivalents		**(408.33)**	**650.14**
Cash and cash equivalents as at beginning of year		1,665.80	1,015.66
Cash and cash equivalents classified under assets held for sale		231.40	-
Cash and cash equivalents as at year end		**1,026.07**	**1,665.80**
Components of cash and cash equivalents:			
Balances with banks:			
On current accounts		995.66	1,165.46
Deposit with original maturity of less than 3 months		30.00	500.00
Cash in hand		0.41	0.34
Total cash and cash equivalents (refer note 13)		**1,026.07**	**1,665.80**

As per our report of even date

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

Per Paul Alvares
Partner
Membership Number : 105754

Place: London
Date: 29 May, 2017

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

Pravin Agarwal
Director
DIN : 00022096

Pratik Agarwal
CEO & Managing Director
DIN : 03040062

Harsh Shah
Chief Financial Officer

Ashok Ganesan
Company Secretary

Place: New Delhi
Date: 29 May, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in INR million unless otherwise stated)

A. EQUITY SHARE CPITAL

Equity shares of INR 2 each issued, subscribed and fully paid	No. in Millions	INR in Millions
At 1 April, 2015*	**-**	**-**
Issued during the year*	-	-
At 31 March, 2016*	**-**	**-**
Issued during the year	61.18	122.36
At 31 March, 2017	**61.18**	**122.36**

B. OTHER EQUITY

(INR in million)

	Reserves and surplus			Items of OCI	
Particulars	Securities premium	Retained Earnings	Debenture redemption reserve	Cash flow hedge reserve	Total equity
Balance as at 01 April, 2015	**-**	**(704.51)**	**-**	**(528.79)**	**(1,233.30)**
Loss for the period	-	(5,127.35)	-		(5,127.35)
Other comprehensive income (refer note 17)	-	3.27	-	(603.05)	(599.78)
Total Comprehensive income	**-**	**(5,124.08)**	**-**	**(603.05)**	**(5,727.13)**
Issue of equity share capital	-	-	-	-	-
Recycled to statement of profit and loss	-	-	-	528.79	528.79
Balance as at 31 March, 2016	**-**	**(5,828.59)**	**-**	**(603.05)**	**(6,431.64)**
Loss for the year	-	(3,610.23)	-		(3,610.23)
Other comprehensive income (refer note 17)	-	(1.20)	-	234.46	233.26
Total comprehensive income	**-**	**(3,611.43)**	**-**	**234.46**	**(3,376.97)**
Issue of equity share capital	6,748.37	-			6,748.37
Transferred to debenture redemption reserve	-	(440.45)	440.45	-	-
Recycled to statement of profit and loss	-	-	-	603.05	603.05
Balance as at 31 March, 2017	**6,748.37**	**(9,880.47)**	**440.45**	**234.46**	**(2,457.21)**

* Refer Note 16

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

Per Paul Alvares
Partner
Membership Number : 105754

Place: London
Date: 29 May, 2017

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

Pravin Agarwal
Director
DIN : 00022096

Pratik Agarwal
CEO & Managing Director
DIN : 03040062

Harsh Shah
Chief Financial Officer

Ashok Ganesan
Company Secretary

Place: New Delhi
Date: 29 May, 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

1. CORPORATE INFORMATION

Sterlite Power Transmission Limited ('the Company') is a public company domiciled in India and incorporated on 5 May, 2015 under the provisions of the Companies Act, 2013. The Company and its subsidiaries (together referred to as 'the Group') are engaged in the business of power products and solutions and in the business of developing on Build, Own, Operate and Maintain ("BOOM") basis, for designing, financing, construction and maintenance of power transmission systems for concessional periods ranging from 25 to 35 years.

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

The Consolidated Financial Statements were authorised for issue in accordance with the resolution passed by the Board of Directors of the Company on 29 May, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

For all periods up to and including the year ended 31 March, 2016, the Group prepared its consolidated financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These consolidated financial statements for the year ended 31 March, 2017 are the first the Group has prepared in accordance with Ind AS. Refer note 54 for information on how the Group adopted Ind AS.

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

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

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March, 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Group in preparing its consolidated financial statements:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

a) Business Combinations and goodwill

Goodwill arising on account of excess consideration paid over business value transferred under scheme of arrangement is amortised on a straight line basis over a period of five years from the date of arrangement as per Court Order (refer Note 53).

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

c) Foreign currencies

The Group's consolidated financial statements are presented in INR, which is its functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

d) Fair value measurement

The Group measures financial instruments such as Optionally Convertible Redeemable Preference Shares issued by the Company, mutual funds and derivatives at fair value at each balance sheet date.

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

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

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

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant liabilities, such as optionally convertible redeemable preference shares. Involvement of external valuers is decided by the management on a need basis and with relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The management decides after discussion with the external valuers, which valuation techniques and inputs to use for the valuation.

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

The management in conjunction with the external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

reasonable. The valuation results are discussed at the Audit Committee.

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

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

- Quantitative disclosures of fair value measurement hierarchy (Note 58)
- Disclosures for valuation methods, significant estimates and assumptions (Note 57)
- Financial instruments (including those carried at amortised cost) (Note 6,7,8,9,13,14)

e) Revenue Recognition

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

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

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

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

Sale of goods

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

Rendering of services

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

Income from power transmission services is recognised on a pro-rata basis as and when services are rendered based on availability and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period.

Revenue from projects

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends

Income from dividend on investments is accrued in the year in which it is declared, whereby the Group's right to receive is established.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit and loss.

f) Government grants

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

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

g) Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

Deferred tax

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

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

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

h) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The group treats sale/ distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active program to locate a buyer and complete the plan has been initiated (if applicable),

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

i) Property, plant and equipment

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

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

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

(Life in number of years)

Asset Category	Useful Life considered	Useful life (Schedule II#)
Buildings (factory/office/substation)	30/60	30/60
Plant and machinery	2-5	Continuous process plant - 25; Others - 15
Substations	25-35	40
Power transmission lines (including components)	25-35	40
Data Processing Equipment (Computers)	3 - 5*	Servers and networks - 6; and Desktops and laptops - 3
Furniture and Fittings	7.5 - 10*	10
Office Equipment	4 - 5*	5
Leasehold improvements	Lease Period*	30
Vehicles	4 - 5**	8

Schedule II to the Companies Act, 2013

* Leasehold improvements are depreciated over the useful life of the asset or the lease period, whichever is lower.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

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

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

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

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

The Group does not have any intangible assets with indefinite useful life.

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

Softwares are amortised on a straight line basis over a period of five to six years. Goodwill arising on business combination under the scheme of arrangement is amortised on a straight line basis over a period of five years as per the Court Order (refer Note 53).

k) Borrowing Costs

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

l) Leases

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

For arrangements entered into prior to 1 April, 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

Group as lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs (See note 2.1.k). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

m) Inventories

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

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

n) Impairment of non-financial assets

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

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

The Group bases its impairment calculations on detailed budget calculations. These budgets have been prepared for the entire project life. For periods beyond 5 years, a long term growth rate is calculated and applied to future cash flows after the fifth year.

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

o) Provisions

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

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

p) Retirement and other employee benefits

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

The Group has a defined benefit gratuity plan in India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

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

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

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

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated statement of profit and loss and are not deferred.

The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability. The cost of accumulated leave under the short-term employee benefit plan is determined using the projected unit credit method at Group level.

q) Employee Stock Appreciation Rights Scheme

Employees of the certain entities in the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for Employee Stock Appreciation Rights (ESARs) (cash-settled transactions). The cost of ESARs is measured as the difference between the fair market value of equity shares of the entity on the reporting date and the SAR price on the Grant date as specified in the ESAR Scheme, and is recognized as employee compensation cost over the vesting period.

r) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

i. Debt instruments at amortised cost

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

Debt instruments at amortised cost

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

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. This category generally applies to trade and other receivables (refer note 8)

Debt instrument at FVTOCI

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

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

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

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

Debt instrument at FVTPL

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

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

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

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

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

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

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

Impairment of financial assets

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

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

b) Lease receivables under Ind AS 17

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

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

- Trade receivables or contract revenue receivables; and

- All lease receivables resulting from transactions within the scope of Ind AS 17

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

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

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

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

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

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for the year ended 31 March, 2017

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

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

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

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

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

Financial assets of the Group which are not reflected at fair value pertain to Loans to related parties and Trade and other receivables. Considering the nature of business, the Group does not foresee any credit risk on its Loans and trade and other receivables which may cause an impairment. As per the TSA, the receivables are covered by clause of payment security mechanism which ensures receipt of all trade receivables. Also, the Group does not have any past history of impairment of Trade receivables.

For the financial assets which are reflected at fair value no further impairment allowance is necessary as they reflect the fair value of the relevant financial asset itself.

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include borrowings and related costs, trade and other payables and derivative financial instrument.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. For more information refer 18.

Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer Note 18.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Embedded derivatives

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

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

Reclassification of financial assets

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

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

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for the year ended 31 March, 2017

Original classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

Offsetting of financial instruments

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

s) Cash and cash equivalents

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

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

t) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

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

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

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

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

The Group has not classified any hedge as Fair Value hedge or hedge of net investment in foreign operation.

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

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

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

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

u) Presentation of EBITDA

The Group has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the consolidated statement of profit and loss. This is not required by the Ind AS 1. The EBITDA is not defined in the Ind AS. Ind AS compliant schedule III allows companies to present line items, sub line items and sub totals to be presented as an addition or substitution on the face of the consolidated financial statements when such presentation is relevant to an understanding of the Group's financial position or performance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

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

2.4 Standards issued but not yet effective

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

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

Amendment to Ind AS 7: Statement of Cash Flows

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

Amendment to Ind AS 102: Share-based Payment

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1 April, 2017. The Group is assessing the potential effect of the amendments on its financial statements.

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NOTES 3 - PROPERTY, PLANT AND EQUIPMENT

(INR in million)

Particulars	Freehold Land	Lease hold land	Leasehold improve-ments	Buildings	Building - Substa-tions	Substa-tions	Transmis-sion Lines	Plant and Machinery	Data Pro-cessing Equip-ments**	Furniture and Fittings	Office Equip-ments	Vehicles	Electrical Installa-tions	Total
Cost														
At 1 April, 2015	524.19	108.57	37.62	795.90	63.25	6,745.27	22,568.96	2,740.08	45.26	34.16	21.19	22.42	220.40	33,927.28
Additions #	7.30	-	-	50.30	-	-	25,522.14	170.78	22.79	4.03	6.30	4.60	30.20	25,818.44
Adjustments ^	-	-	-	-	-	(77.43)	(316.52)	-	-	-	-	-	-	(393.94)
Reclassification *	3.20	(3.20)	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	(12.00)	-	-	-	-	-	-	-	(0.10)	-	-	(13.10)	-	(25.20)
As at 31 March 2016	**522.69**	**105.37**	**37.62**	**846.20**	**63.25**	**6,667.85**	**47,774.59**	**2,910.86**	**67.95**	**38.19**	**27.48**	**13.92**	**250.60**	**59,326.58**
Additions #	189.43	-	23.58	36.03	-	-	6,754.80	133.81	19.91	14.04	12.20	3.32	6.29	7,193.40
Adjustments ^	-	-	-	-	-	(5.46)	(591.70)	-	-	-	-	-	-	(597.16)
Disposals	-	-	-	(3.03)	-	-	##(108.68)	(25.92)	(2.09)	(0.84)	(3.34)	(3.60)	-	(147.50)
Transferred to assets held for sale (refer Note 11)	(24.34)	(105.37)	(0.60)	-	(63.25)	(6,662.39)	(33,306.63)	(114.05)	(6.56)	(2.59)	(4.78)	-	-	(40,290.57)
As at 31 March 2017	**687.78**	**-**	**60.59**	**879.20**	**-**	**-**	**20,522.37**	**2,904.70**	**79.21**	**48.80**	**31.56**	**13.64**	**256.89**	**25,484.75**
Depreciation														
At 1 April, 2015	-	7.99	0.69	166.94	0.90	96.94	565.19	1,397.59	27.86	15.21	8.27	13.94	64.10	2,365.62
Additions	-	3.52	4.25	28.01	2.40	232.39	1,341.09	330.96	9.24	5.52	5.38	2.65	13.50	1,978.92
Reclassification *	0.10	(0.10)	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	0.47	-	-	-	-	-	0.47
Disposals	-	-	-	-	-	-	-	-	(0.13)	-	-	(10.40)	-	(10.53)
As at 31 March 2016	**0.10**	**11.41**	**4.94**	**194.95**	**3.31**	**329.33**	**1,906.28**	**1,729.02**	**36.97**	**20.73**	**13.65**	**6.19**	**77.60**	**4,334.48**
Additions	-	3.55	5.80	28.83	2.40	236.16	1,764.72	275.44	12.12	5.04	5.30	2.24	16.20	2,357.79
Impairment (refer Note 11)	-	-	-	-	-	-	912.60	-	-	-	-	-	-	912.60
Reclassification *	0.04	(0.04)	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(3.04)	-	-	(12.20)	(25.40)	(2.21)	(0.60)	(1.41)	(1.89)	-	(46.76)
Transferred to assets held for sale (refer Note 11)	-	(14.93)	(0.05)	-	(5.71)	(565.49)	## (2,896.04)	(98.30)	(5.27)	(1.57)	(3.26)	(0.00)	-	(3,590.62)
As at 31 March 2017	**0.14**	**-**	**10.69**	**220.73**	**-**	**-**	**1,675.35**	**1,880.76**	**41.61**	**23.60**	**14.27**	**6.54**	**93.80**	**3,967.49**
Net Book Value														
As at 1 April, 2015	**524.19**	**100.58**	**36.93**	**628.96**	**62.35**	**6,648.34**	**22,003.77**	**1,342.49**	**17.39**	**18.95**	**12.92**	**8.48**	**156.30**	**31,561.66**
As at 31 March 2016	**522.59**	**93.96**	**32.68**	**651.25**	**59.94**	**6,338.52**	**45,868.31**	**1,181.84**	**30.98**	**17.46**	**13.83**	**7.73**	**173.00**	**54,992.10**
As at 31 March 2017	**687.65**	**-**	**49.90**	**658.47**	**-**	**-**	**18,847.02**	**1,023.94**	**37.60**	**25.20**	**17.28**	**7.10**	**163.09**	**21,517.26**

* Land parcel of INR 3.20 million which was earlier disclosed as leasehold land is now regrouped to freehold land.

\# Pending negotiations and settlement of claims/counter claims with EPC contractors/vendors in respect of delays in commissioning of the project /other reasons, the management has considered its best estimate of cost incurred till year end based on the contract terms, purchase/work orders issued and the work completed. Any adjustment arising subsequently would be adjusted to the cost of property, plant and equipments at the time of settlement.

^ Adjustment to the cost of property, plant and equipment pertain to those arising on account of final settlement with EPC Contractors/vendors.

\## Refer note 51 pertaining to ENICL transmission line rendered inoperable due to flood

Capital work in progress*	(INR in million)
As at 1 April, 2015	21,240.55
As at 31 March 2016	7,719.91
As at 31 March 2017	19,006.87

*mainly includes Transmission infrastructure

** Data processing equipments include laptops taken on finance lease:
Gross block INR 18.08 millions (31 March, 2016: INR 8.00 millions, 1 April, 2015: Nil)
Depreciation for the year INR 4.54 millions (31 March, 2016: INR 0.5 millions, 1 April, 2015 Nil)
Accumulated depreciation INR 4.94 millions (31 March, 2016: INR 0.5 millions, 1 April, 2015 Nil)
Net block INR 13.14 millions (31 March, 2016: INR 7.5 millions, 1 April, 2015: Nil)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 4: INTANGIBLE ASSETS

(INR in million)

DESCRIPTION	Goodwill	Software & Licenses	Total
Cost			
At 1 April, 2015	3,675.42	23.53	3,698.95
Additions	-	1.67	1.67
Disposals	-	-	-
As at 31 March, 2016	**3,675.42**	**25.20**	**3,700.62**
Additions	-	15.37	15.37
Adjustments	-	-	-
Disposals	-	-	-
As at 31 March, 2017	**3,675.42**	**40.57**	**3,715.99**
Depreciation			
At 1 April, 2015	-	19.40	19.40
Additions	735.10	2.39	737.50
Disposals	-	-	-
As at 31 March, 2016	**735.10**	**21.80**	**756.90**
Additions	735.10	2.95	738.05
Impairment (refer Note 11)	355.17	-	355.17
Disposals	-	-	-
As at 31 March, 2017	**1,825.38**	**24.76**	**1,850.13**
Net Book Value			
As at 1 April, 2015	**3,675.42**	**4.13**	**3,679.55**
As at 31 March, 2016	**2,940.32**	**3.40**	**2,943.72**
As at 31 March, 2017	**1,850.04**	**15.81**	**1,865.86**

NOTE 5: IMPAIRMENT TESTING OF GOODWILL

Goodwill generated as a result of recording of assets and liabilities as part of the Scheme of demerger of Sterlite Technologies Limited (refer Note 53) with effect from 1 April, 2015 has been allocated to the following CGUs (transmission projects and power products and solutions business) for impairment testing:

1 East-North Interconnection Company Limited (ENICL)
2 Bhopal Dhule Transmission Company Limited (BDTCL)
3 Jabalpur Transmission Company Limited (JTCL)
4 RAPP Transmission Company Limited (RTCL)
5 Purulia & Kharagpur Transmission Company Limited (PKTCL)
6 Power product and solutions

Carrying amount of goodwill allocated to each of the CGUs: (INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
East-North Interconnection Company Limited (ENICL)	25.60	34.14	42.67
Bhopal Dhule Transmission Company Limited (BDTCL)	-	246.67	308.34
Jabalpur Transmission Company Limited (JTCL)	-	229.53	286.92
RAPP Transmission Company Limited (RTCL)	14.19	18.92	23.65
Purulia & Kharagpur Transmission Company Limited (PKTCL)	33.68	44.90	56.13
Power product and solutions	1,776.57	2,366.16	2,957.71
Goodwill on consolidation	1,850.04	2,940.32	3,675.42

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

The Group performed its annual impairment test for years ended 31 March, 2017 and 31 March, 2016 on 31 March, 2017 and 31 March, 2016 respectively. The Group considers the relationship between the fair value (based on DCF) of transmission project and its book value, among other factors, when reviewing for indicators of impairment.

The recoverable amount of Power products business as at 31 March, 2017 and 31 March, 2016 was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections for impairment testing during the current year is 16.83% (31 March, 2016: 17.03%). The terminal growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 3% (31 March, 2016: 3%).

The recoverable amounts of each of the other CGUs (transmission projects) below, have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering the period of the Transmission services agreement (TSA). As a result of the analysis, management did not identify impairment for the below mentioned CGUs.

	Recoverable amount (INR in million)	
CGU	**31 March, 2017**	**31 March, 2016**
ENICL	2,160.47	2,116.91
RTCL	1,103.86	1,169.33
PKTCL	2,180.39	1,769.92

As at 31 March, 2017, BDTCL and JTCL have been identified as part of disposal group the carrying amount of which will be recovered principally through a sale transaction rather than through continuing use. (refer note 11 for details). Hence as at 31 March, 2017, the disposal group comprising of the assets and liabilities of BDTCL and JTCL (including the goodwill allocated to BDTCL and JTCL) has been measured at lower of its carrying amount and fair value less costs to sell. The fair value has been determined based on the consideration expected to be received from India Grid Trust towards the sale of the disposal group.

As at 31 March, 2016, the recoverable amount of BDTCL and JTCL of INR 5,974.53 million and INR 8,535.63 million respectively were determined based on value in use calculation using cash flow projections from financial budgets approved by senior management covering the period of the respective Transmission services agreements. As a result of the analysis, management did not identify impairment for these CGUs.

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

Power products and solutions CGU

EBITDA margin: EBITDA margin of 7.5% (31 March, 2016: 7.5%) of revenue has been considered based on average values achieved in the two years preceding the valuation date. A decrease in EBITDA margin to 6.0% (31 March, 2016: 6.19%) would result in impairment.

Discount rate: Discount rate represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the group's investors. The cost of debt is based on the interest-bearing borrowings the group is obliged to service. Segment-specific risk is incorporated by applying individual beta factor. The beta factor is evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in pre-tax WACC to 21.75% (31 March, 2016: 20.46%) would result in impairment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

Growth rate: Growth rate of 10% has been considered for a period of five years based on management estimates and past trends. A decrease in growth rate to 2.81% (31 March, 2016: 3.16%) during the next five year period would result in impairment.

Other Transmission Projects CGU

Cost of equity:

As at 31 March, 2017 - ENICL: 11.96%, RTCL: 11.20%, PKTCL: 11.33% . Increase in cost of equity by 0.1% (for ENICL), 40.95% (for RTCL) and 45.82% (for PKTCL) would result in impairment.

As at 31 March, 2016 - ENICL:11.48%, BDTCL:13.50%, JTCL: 13.50%, RTCL: 10.83% and PKTCL: 10.92%. Increase in cost of equity by 0.1% (for ENICL), 3.77% (for BDTCL), 3.75% (for JTCL), 18.02% (for RTCL) and 22.03% (for PKTCL) would result in impairment.

Cost of debt:

As at 31 March, 2017 - ENICL: 9.10%, RTCL: 8.25%, PKTCL: 8.25%. Increase in cost of debt by 0.1% (for ENICL), 6.15% (for RTCL) and 5.59% (for PKTCL) would result in impairment.

As at 31 March, 2016 - ENICL: 11.48%, BDTCL: 8.00%, JTCL: 8.00%, RTCL: 10.83% and PKTCL: 10.92%. Increase in cost of debt by 0.1% (for ENICL), 1.63% (for BDTCL), 1.28% (for JTCL), 5.80% (for RTCL) and 5.39% (for PKTCL) would result in impairment.

Incremental tariff expected to be approved by CERC in respect of cost overruns due to force majeure/ change in law (as % of non-escalable tariff):

As at 31 March, 2016- JTCL: 41.00%. Decrease in incremental tariff by 15.85% (for JTCL) would result in impairment. Incremental tariff is not considered a key assumption for BDTCL.

NOTE 6: INVESTMENTS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non current			
Investments at fair value through OCI			
Unquoted equity instruments			
17,241 (31 March, 2016: Nil, 1 April, 2015: Nil) Compulsorily convertible preference shares of Sharper Shape Group Inc of INR 10 each fully paid up	112.45	-	-
Current			
Investment in mutual funds (valued at fair value through profit or loss)			
Quoted			
1,247,802,428 (31 March, 2016: 69,908.96, 1 April, 2015: Nil) units of Birla sunlife cash plus - Daily dividend direct plan	125.02	7.00	-
Nil (31 March, 2016: 69,922.62, 1 April, 2015: Nil) units of INR 1,000/- each of DSP Black Rock Liquidity Fund - Daily Dividend	-	70.00	-
Nil (31 March, 2016: 589,232.67, 1 April, 2015: Nil) units of INR 100/- each of Birla Sunlife Cash Plus Fund	-	59.00	-
215,907.46 (31 March, 2016: Nil 1 April, 2015: Nil) units of INR 1,500 each of Reliance Liquid Fund- Treasury Plan Direct Plan - Daily Dividend Option	330.07	-	-
339,008.49 (31 March, 2016: 199,526.63, 1 April, 2015: 36,581.11) units of INR 1,000 each of SBI Premier Liquid Fund - Direct plan daily dividend	340.11	201.25	36.88

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Nil (31 March, 2016: 0.3 million, 1 April, 2015: Nil) units of ICICI flexible income plan - direct plan - growth	-	100.00	-
Nil (31 March, 2016: 0.2 million, 1 April, 2015: Nil) units of reliance money manager fund - direct growth plan growth option	-	400.00	-
Total	**907.65**	**837.25**	**36.88**
Current	**795.20**	**837.25**	**36.88**
Non-current	**112.45**	**-**	**-**

Investments at fair value through OCI reflect investment in unquoted equity securities. Refer note 57 for determination of their fair values.

NOTE 7: LOANS (unsecured, considered good)

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non-current			
Loans to related party (refer note 59)	15.21	15.21	15.21
Total non-current	**15.21**	**15.21**	**15.21**
Current			
Loans to related party (refer note 59)	193.47	273.28	-
Total	**193.47**	**273.28**	**-**

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

NOTE 8: TRADE RECEIVABLES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non-current			
Trade receivables	317.51	230.58	180.66
Break-up for security details:			
- Unsecured, Considered good	-	-	-
- Unsecured, considered doubtful	317.51	230.58	180.66
	317.51	**230.58**	**180.66**
Impairment allowance (allowance for bad and doubtful debts)			
- Unsecured, considered doubtful	317.51	230.58	180.66
Total Non current trade receivables	**-**	**-**	**-**
Current			
Trade receivables	4,546.17	4,484.54	3,539.19
Receivables from related parties (Note 59)	-	286.30	91.18
Total	**4,546.17**	**4,770.84**	**3,630.36**
Break-up for security details:			
- Unsecured, considered good	4,546.17	4,770.86	3,630.36
- Considered doubtful	-	-	
	4,546.17	**4,770.86**	**3,630.36**
Impairment allowance (allowance for bad and doubtful debts)			
- Unsecured, considered good	-	-	-
- Considered doubtful	-	-	-
Total Current Trade receivables	**4,546.17**	**4,770.84**	**3,630.36**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

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

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

The group has entered into an arrangement with HDFC Bank for non recourse factoring pursuant to which the group has derecognised trade receivables of INR 1,275.51 Millions (31 March, 2016: 699.33 millions)

NOTE 9: OTHER FINANCIAL ASSETS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non-current			
Security deposits (unsecured, considered good)	35.78	34.19	36.92
Non-current bank balance (refer note 14)	0.63	9.24	-
Total other non-current financials assets	**36.41**	**43.43**	**36.92**
Current			
Security deposits (unsecured, considered good)	9.79	8.25	8.28
Advances recoverable in cash (unsecured, considered good)	19.92	49.80	-
Unbilled revenue #	280.38	609.09	293.71
Interest accrued on investments	1.87	-	0.46
Insurance claim receivable	149.83	-	-
Earnest money deposit with customer	57.30	48.80	36.04
(A)	**519.09**	**715.94**	**338.49**
Derivative instruments			
- Forward exchange contracts	-	-	0.71
- Commodity future contracts	655.13	-	-
(B)	**655.13**	**-**	**0.71**
Total other current financial assets (C=A+B)	**1,174.22**	**715.94**	**339.20**

Unbilled revenue is the transmission charges for the month of March 2017 amounting to INR 280.38 million (31 March, 2016 - INR 609.09 million; 1 April, 2015 - INR 293.71 million) billed to transmission utilities in the month of April 2017.

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

Insurance claim receivable are non-derivative financial assets and are receivable in cash. These are measured based on effective interest method

Derivative instruments at fair value through OCI reflect the change in fair value of foreign exchange forward contracts designated as cash flow hedges to hedge highly probable forecasts/firm commitments for sales and purchases in US Dollars (USD) and Euros (EUR). Derivative instruments at fair value through OCI also include the change in fair value of commodity forward contracts. The group is exposed to changes in the price of aluminium and copper on its forecast aluminium and copper purchases. The forward contracts do not result in physical delivery of aluminium and copper, but are designated as cash flow hedges to offset the effect of price changes in aluminium and copper. The group hedges 100% of its expected aluminium and copper purchases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 10: OTHER ASSETS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non- Current			
Capital advances (unsecured, considered good)	2,252.51	1,353.29	602.48
Advance income tax, including TDS (net of provisions)	40.49	131.95	125.00
Prepaid expenses	12.84	5.37	5.77
Advances recoverable in cash or kind (unsecured)	12.51	24.03	-
Total other non-current assets	**2,318.35**	**1,514.64**	**733.25**
Current			
Advance income tax, including TDS (net of provisions)	0.05	-	
Advances recoverable in cash or kind (unsecured)	388.44	501.29	713.73
Balances with statutory/government authorities	420.08	224.50	229.20
Prepaid expenses	70.89	119.35	74.40
Deposits paid under dispute (refer note 43)	103.76	96.54	11.98
Gross amount due from customers for contract as an asset (refer note 47)	3.38	3.27	-
Total other current assets	**986.60**	**944.95**	**1,029.31**

NOTE 11: DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As at 31 March, 2017, investment of the Group in net assets of subsidiaries, Bhopal Dhule Transmission Company Limited ('BDTCL'), Jabalpur Transmission Company Limited ('JTCL') and Sterlite Grid 1 Limited ('SGL') (together referred to as 'disposal group') was proposed to be transferred to India Grid Trust (a trust set up as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014). The Group will receive units of the trust amounting to INR 5,879.92 million and balance amount will be received in cash in exchange of net assets of the disposal group.

Ind AS -105 Non Current Assets Held for Sale and Discontinued Operations requires disposal group to be identified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition and the sale must be highly probable. Based on the assessment performed by the management, it has been determined that the disposal group should be disclosed as held for sale under Ind AS. Consequently the assets and liabilities of the disposal group held for sale have been presented separately from the other assets and other liabilities respectively in the balance sheet. Consequently, amount of INR 1,267.65 millions, being the difference between carrying value and the fair value less costs to sell of the net assets of the disposal group has been treated as impairment loss of net assets of disposal group held for sale as on 31 March, 2017. The fair value has been determined based on the consideration expected to be received from India Grid Trust towards the sale of the disposal group. Out of total INR 1,267.65 Million, amount of INR 355.17 million has been treated as impairment loss of goodwill which was created at the time of acquisition of the disposal group by SPGVL. Balance amount has been reduced from the carrying value of property, plant and equipment of the disposal group. The Company, being the sponsor of India Grid Trust, will have lock-in on the units to be received from the Trust (3 years for upto 15% of total units of the Trust and 1 year for units above 15%). Therefore, the assets held for sale to the extent of consideration to be received in units of India Grid Trust have been disclosed as non-current.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

Based on above, the following assets and liabilities have been classified as held for sale as at 31 March, 2017-

(INR in million)

Assets	
Property,plant and equipment	36,699.96
Capital work-in-progress	-
Other non-current financial assets	3.43
Other non-current assets	34.90
Investments	460.10
Trade receivables	474.51
Cash and bank balances	231.40
Other current financial assets	561.68
Other current assets	158.05
Total assets held for sale	**38,624.02**
Presented as:	
- Non-current assets	5,879.92
- Current assets	32,744.10
Liabilities	
Long term borrowings	24,349.60
Trade payables	38.21
Other financial liabilities	1,676.50
Other liabilities	4.35
Current tax liability	3.52
Total liabilities held for sale	**26,072.19**
Presented as:	
- Non-current liabilities	-
- Current liabilities	26,072.19

As at March 31, 2016 amount of INR 27.93 million (March 31, 2015: INR 39.89 million) pertaining to the OPGW Cables, being leftover stock during construction of transmission line was classified as held for sale by the management. The same has been subsequently discarded during year ended March 31, 2017 and the loss recognised in Other expenses.

NOTE 12: INVENTORIES

(INR in million)

(Valued at lower of cost and net realisable value)	31 March, 2017	31 March, 2016	1 April, 2015
Raw materials and components	794.58	1,002.17	1,075.98
[Includes stock in transit 5.17 million (31 March 2016: INR 199.46 million) (1 April, 2015: Nil)]			
Work-in-progress	482.68	455.87	520.49
Finished goods [Includes stock in transit 81.83 million (31 March 2016: INR 76.3 million) (1 April, 2015: Nil)]	373.27	562.38	618.19
Traded goods	14.69	50.31	56.92
Stores, spares, packing materials and others	73.21	80.97	94.94
Total	**1,738.43**	**2,151.70**	**2,366.52**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 13: CASH AND CASH EQUIVALENTS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Balances with banks:			
On current accounts*	995.66	1,165.46	996.05
Deposit with original maturity of less than 3 months**	30.00	500.00	13.98
Cash in hand	0.41	0.34	-
Cheque / drafts in hand	-	-	1.91
Total	**1,026.07**	**1,665.80**	**1011.94**

* Out of this, Nil (31 March, 2016: INR 143.08 million, 1 April, 2015: INR 283.30 million) is kept towards Debt Service Reserve Account as per the requirements of the term loan agreement with bank.

** Includes INR 22.50 millions (31 March, 2016: INR Nil, 1 April, 2015: INR Nil) held as lien by banks against bank guarantees.

NOTE 14: OTHER BANK BALANCES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Deposit with original maturity for more than 12 months*	0.63	9.24	5.00
Deposits with original maturity for more than 3 months but less than 12 months**	416.69	144.65	12.70
	417.32	153.89	17.70
Amount disclosed under non-current assets (note 9)	(0.63)	(9.24)	-
Total	416.69	144.65	17.70

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

* Held as lien by bank against bank guarantees

** Includes INR 99.00 millions (31 March, 2016: INR 118.50 millions, 1 April, 2015: INR Nil) held as lien by banks against bank guarantees

NOTE 15: SHARE CAPITAL

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Authorised shares (no. millions)			
80.00 (31 March 2016: 80.00, 1 April, 2015: 80.00) equity shares of INR 2 each	160.00	160.00	160.00
Issued, subscribed and fully paid-up shares (no. millions)			
61.18 (31 March 2016: Nil, 1 April, 2015: Nil equity shares of INR 2 each fully paid - up.	122.36	-	-
Total issued, subscribed and fully paid-up share capital	**122.36**	**-**	**-**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	No. in million	INR in million
At 1 April, 2015	-	-
Add: Issued during the year	-	-
At 31 March, 2016	**-**	**-**
Add: Issued during the year [refer note 53]	61.18	122.36
At 31 March, 2017	**61.18**	**122.36**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

b. Terms/rights attached to equity shares

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

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders

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

	31 March, 2017		31 March, 2016		1 April, 2015	
	No. in million	% holding	No. in million	% holding	No. in million	% holding
Immediate holding company						
Twin Star Overseas Limited, Mauritius	43.67	71.38%	-	-	-	-
Subsidiary of Volcan Investments Limited, Bahamas [Ultimate holding company]						
Vedanta Limited	0.95	1.56%	-	-	-	-

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

	31 March, 2017		31 March, 2016		1 April, 2015	
	No. in million	% holding	No. in million	% holding	No. in million	% holding
Immediate holding company						
Twin Star Overseas Limited, Mauritius	43.67	71.38%	-	-	-	-

NOTE 16: SHARE CAPITAL SUSPENSE ACCOUNT

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Balance as per last financial statements	8,880.92	8,880.92	8,880.92
Less: Utilised for issue of equity shares	(6,852.37)	-	-
Less: Utilised for issue of redeemable preference shares	(2,028.55)	-	-
Total	**-**	**8,880.92**	**8,880.92**

Share capital suspense account represents the amount of equity shares and redeemable preference shares to be issued to the equity shareholders of Sterlite Technologies Limited pursuant to the scheme of demerger (refer Note 53 for details). Pending issue of such equity and redeemable preference shares as at 1 April, 2015 and 31 March, 2016, the amount was credited to Share capital suspense account. The same was disclosed under Equity as the amount of equity and preference share capital that will eventually be issued was unascertainable. During the year ended 31 March, 2017, the Company has issued 61.18 million equity shares of face value INR 2.00 per share at a premium of INR 110.00 per share and 17.90 million redeemable preference shares of face value INR 2.00 per share at a premium of INR 110.00 per share on 22 August, 2016 out of the balance in Share capital suspense account.

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for the year ended 31 March, 2017

NOTE 17 : OTHER EQUITY

(INR in million)

	31 March, 2017	31 March, 2016
Securities premium account		
Balance as per last financial statements	-	-
Add: Additions on issue of equity shares (refer note 53)	6,748.37	-
Closing balance	**6,748.37**	**-**
Retained earnings		
Balance as per last financial statements	(5,828.59)	(704.51)
Add: Net loss for the year	(3,610.23)	(5,127.35)
Add/(less): Re-measurement gain/(loss) on defined benefit plans, net of tax	(1.20)	3.27
Less: Transfer to debenture redemption reserve	(440.45)	-
Net deficit in the statement of profit and loss	**(9,880.47)**	**(5,828.59)**
Other reserves		
Debenture redemption reserve		
Balance as per last financial statements	-	-
Add: Created for the year	440.45	-
Closing balance	440.45	-
Cash flow hedge reserve		
Balance as per last financial statements	**(603.05)**	**(528.79)**
Add: Cash flow hedge reserve created on derivative contracts	234.46	(603.05)
Less: Amount reclassified to statement of profit and loss	(603.05)	(528.79)
Closing balance	**234.46**	**(603.05)**
Total other reserves	**674.91**	**(603.05)**
Total Other equity	**(2,457.19)**	**(6,431.64)**

NOTE 18 : LONG TERM BORROWINGS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non-current			
Non Convertible Debentures (secured)			
11,175 (31 March, 2016: 8,550, 1 April, 2015: Nil) Non-Convertible Debentures of INR 1,000,000/- each	10,716.92	8,455.45	-
Nil (31 March, 2016: Nil, 1 April, 2015: 1,500) 11.45% Non convertible debentures of INR 1,000,000/- each	-	-	1,500.00
Nil (31 March, 2016: Nil, 1 April, 2015: 1,200) 10.60% Non convertible debentures of INR 1,000,000/- each	-	-	1,200.00
Term loans			
Indian rupee loans from banks	14,222.22	24,376.47	28,589.62
Indian rupee loans from financial institution	8,729.02	7,498.56	3,749.75
Foreign currency loan from financial institution	-	2,620.74	2,647.84
Local Bill discounting and acceptances	3,351.78	2,124.90	1,259.14
Buyer's credit	-	-	355.36
Long-term maturities of finance lease obligation (secured)			
Obligations under finance lease contracts (refer note 41)	9.38	5.33	-
Optionally Convertible Redeemable Preference Shares ('OCRPS') - at Fair value through profit and loss			

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for the year ended 31 March, 2017

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
454,552,553 (31 March 2016: 454,552,553; 01 April, 2015: 409,098,008) Optionally Convertible Redeemable Preference Shares of INR 10 each.	9,948.55	8,038.02	4,755.21
Total non-current borrowings	**46,977.87**	**53,119.47**	**44,056.92**
The above amount includes			
Secured borrowings	37,029.32	45,081.45	39,301.71
Unsecured borrowings	9,948.55	8,038.02	4,755.21
Current maturities			
Debentures (secured)			
375 (31 March, 2016: 475, 1 April, 2015: Nil) Non-Convertible Debentures of INR 10,00,000/- each	1,155.01	475.00	-
Nil (31 March 2016: 1,200, 1 April, 2015: Nil) 10.60% Non convertible debentures of INR 10,00,000/- each	-	1,200.00	-
Term loans (secured)			
Indian rupee loans from banks	1,064.43	1,355.64	1,642.44
Indian rupee loans from financial institution	779.42	217.40	38.00
Foreign currency loan from financial institution	-	141.99	144.65
Current maturities of finance lease obligations	3.69	2.67	-
Interest accrued on term loans	222.06	445.93	1.79
Redeemable Preference Shares (unsecured)			
17.90 million (31 March, 2016: Nil, 01 April, 2015: Nil) Redeemable Preference Shares of INR2 each	2,004.82	-	
Interest accrued on redeemable preference shares	94.66	-	-
Total current maturities	**5,324.08**	**3,838.63**	**1,826.88**
The above amount includes			
Secured borrowings	3,224.60	3,838.63	1,826.88
Unsecured borrowings	2,099.48	-	-
	5,324.08	**3,838.63**	**1,826.88**
Amount disclosed under the head "other current financial liabilities" (note 21)	5,324.08	3,838.63	1,826.88
Net amount	-	-	-

Notes:

I. Debentures

a) East-North Interconnection Company Limited (ENICL)

During the year 2015-16, ENICL has issued 9,250 Non Convertible Debentures ('NCDs') of INR 1,000,000/- each on private placement basis in three tranches of 2,125 8.85% Non Convertible Debentures, 2,375 9.10% Non Convertible Debentures and 4,750 9.25% Non Convertible Debentures having face value of INR 1,000,000 each redeemable by 31 December, 2020, 30 March, 2025 and 30 June, 2033 respectively in quarterly installments ranging from INR 0.07 million to INR 0.25 million. All the NCDs together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts stipulated and payable to the debenture holders are secured by

1) First and exclusive charge on all movable assets and immovable assets of ENICL including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangible, goodwill, uncalled capital, right of way/land, civil structures, tower and cables, office buildings. present and future if any for ENICL.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

2) First charge by way of:
   a) Assignment/hypothecation or creation of security interest present and future of all rights, titles, interest, benefits, claims and demands whatsoever of ENICL in the project, documents including but not limited to transmission supply agreements, transmission licenses, package/ construction contracts, O&M related agreements if any, land lease agreements, service contracts etc. duly acknowledged, consented by relevant counter parties to such project documents all as amended, varied or supplemented from time to time;
   b) All rights, title, interest, benefits, claims and demands whatsoever of ENICL in the permits, approvals and clearances pertaining to the projects, in the letter of credit, guarantee, performance bond, corporate guarantee, bank guarantees provided by any party to the project document;
   c) All insurances proceeds (debenture trustee to be the loss payee in the insurance policy).
3) A First charge on letter of credit, Escrow account, debt service reserve account and other reserve and any other bank account of ENICL wherever maintained, present and future.
4) First charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of ENICL, present and future.
5) Pledge of 51% of the equity share capital of ENICL.

b) Sterlite Power Grid Ventures Limited (SPGVL)

During the year, SPGVL has issued 3,000 10.40% Non-Convertible Debentures ('NCDs') of INR 10,00,000/- each redeemable on April 15, 2019. All the NCDs together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts stipulated and payable to the debenture holders are secured by -

(a) First and exclusive charge by way of hypothecation over all movable properties and assets including but not limited to plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and other movable assets of the SPGVL, both present and future.

(b) First charge by way of hypothecation/ charge over all the rights, title, interest, benefits, claims and demands whatsoever of SPGVL under each of its EPC Contracts (such charge being duly acknowledged and consented to by the relevant counter parties to such EPC Contracts, if required as per the terms of such EPC Contracts) and all cash and receivables of SPGVL under the EPC Contracts, both present and future;

(c) Exclusive charge over all the NRSS-XXIX Refinance Account (which shall be opened within 15 (fifteen) days from the commercial operation date of Project NRSS-XXIX);

(d) Pledge of 47% of the total issued and paid up share capital of Sterlite Grid 2 Limited (SGL2) held by SPGVL on a Fully Diluted Basis. In case of Debenture are held by a bank, their beneficial interest will be limited to the extent of provision of 19(2) of the Banking Regulation Act;

II. Term Loans

A) Sterlite Power Transmission Ltd (SPTL)

a) Indian rupee term loan from banks amounting to INR 15.00 million carries interest @ LTMLR + 1.10% p.a. Loan amount is repayable in 1 quarterly installment of INR 15.00 million (excluding interest).
   The term loan is secured by pari passu charge on below:
   a) First charge on all movable fixed assets of the SPTL, present & future.
   b) First charge on all immoveable fixed assets of the SPTL, present & future
   c) Pledge of 51% shareholding / CCPS / CCDs etc. of Sterlite Power Grid Ventures Limited ('SPGVL')
   d) First charge on the Dividends / any other Receivables / Loans & Advances etc. from the Borrower's Investments in SPGVL, present & future
   e) Second charge on all current assets, cashflows of SPTL, present & future except cash flows as mentioned in "d" above for which lender shall have first charge).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

b) Indian rupee term loan from the bank amounting to INR 546.90 million carries interest @ Base rate + 1% p.a. Loan amount is repayable in 5 quarterly equated installments of INR 93.75 million and 6th installment of INR 78.15 Cr (excluding interest).
The term loan is secured by pari passu charge on below:
   a) First charge on all movable fixed assets of the SPTL, present & future.
   b) First charge on all immoveable fixed assets of the SPTL, present & future
   c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL
   d) First charge all receivables, present & future
   e) Second charge on all current assets, present & future except assets as mentioned in "d" above for which lender shall have first charge

c) Indian rupee term loan from banks amounting to INR 1,800.00 million carries interest @ LTMLR + 0.75% p.a. Loan amount is repayable in 12 quarterly equated installments of INR 150 million (excluding interest) starting from June 2017.
The term loan is secured by pari passu charge on below:
   a) First charge on all movable fixed assets of the SPTL, present & future.
   b) First charge on all immoveable fixed assets of the SPTL, present & future
   c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL
   d) First charge all receivables, present & future
   e) Second charge on all current assets, present & future except assets as mentioned in "d" above for which lender shall have first charge

d) Indian rupee term loan from banks amounting to INR 1,500.00 million carries interest @ Base rate + 0.10% p.a. Loan amount is repayable in 5 yearly installments starting from June 2017 in 5%, 10%, 20%, 30% & 35% of loan amount.
The term loan is secured by pari passu charge on below:
   a) First charge on all movable fixed assets of the SPTL, present & future.
   b) First charge on all immoveable fixed assets of the SPTL, present & future
   c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL
   d) First charge all receivables, present & future
   e) Second charge on all current assets, present & future except assets as mentioned in "d" above for which lender shall have first charge

e) Indian rupee term loan from financial institution amounting to INR 50.00 million carries interest @ MCLR +225 BPS p.a. Loan amount is repayable in 5 annual installments starting from December 2018 in 5%, 10%, 20%, 30% & 35% of loan amount.
The term loan is secured by pari passu charge on below:
   a) First charge on all movable fixed assets of the SPTL, present & future.
   b) First charge on all immoveable fixed assets of the SPTL, present & future
   c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL
   d) First charge all receivables, present & future
   e) Second charge on all current assets, present & future except assets as mentioned in "d" above for which lender shall have first charge

f) Indian rupee term loan from financial institution amounting to INR 2000.00 million carries interest @ 11% p.a. Loan amount is repayable in 5 annual installments starting from December 2017 in 5%, 10%, 20%, 30% & 35% of loan amount.
The term loan is secured by pari passu charge on below:
   a) First charge on all movable fixed assets of the SPTL, present & future.
   b) First charge on all immoveable fixed assets of the SPTL, present & future
   c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL
   d) First charge all receivables, present & future
   e) Second charge on all current assets, present & future except assets as mentioned in "d" above for which lender shall have first charge

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B) NRSS XXIX Transmission Limited (NRSS)

Indian rupee term loan of INR 6,861.47 million from banks carries interest at the rate of SBI Base Rate + 2.50%.Total loan amount is repayable in 75 structured quarterly installments after the end of moratorium period i.e. from 31.03.2018 .The loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets; first charge by way of hypothecation on movable assets of NRSS ; first charge on all the Project's Bank accounts including but not limited to DSRA and designated accounts opened in a designated bank ; first charge on receivables, operating cash flows, commissions , revenues of whatsoever nature and wherever arising, present and future ,intangibles, goodwill, uncalled capital, present and future. Loans are also secured by pledge of 51% of share capital of NRSS held by Sterlite Grid 2 Limited voting rights of which do not fall below 51%. NRSS is in process of security creation against the above term loan outstanding.

C) Odisha Generation Phase-II Transmission Limited (OGPTL)

Indian rupee term loan of INR 3446.46 million from banks & financial institution carries interest at the rate of 11.50% p.a (Benchmark Rate +/- Spread). 58% of total loan amount is repayable in 46 structured quarterly installments post one year moratorium period in accordance with amortisation schedule. Balance 42% of the total loan amount shall be repayable as a bullet repayment as a last installment. The loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of OGPTL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of OGPTL in to and under all clearances pertaining to the project (including transmission license) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of OGPTL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of OGPTL.

D) Khargone Transmission Limited (KTL)

Indian rupee term loan of INR 481.08 million from financial institutions carries interest rate of 10.75% p.a (Benchmark Rate +/- Spread). 60% of total loan amount is repayable in 48 structured quarterly installments post one year moratorium period in accordance with amortisation schedule. Balance 40% of the total loan amount shall be repayable as a bullet repayment as a last installment. The loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of KTL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of KTL in to and under all clearances pertaining to the project (including transmission license) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of KTL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by pledge of 51% of share capital of KTL held by Sterlite Grid 4 Limited voting rights of which do not fall below 51%.

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Domestic bill discounting of INR 1,125.72 million carries interest rate ranging from 8.6% to 10% p.a. This facility has been sanctioned as a sublimit of the rupee term loan and have the same securities as described above. This facility has a term of 1,080 days and gets converted into rupee term loan on maturity. Hence this has been classified as long term borrowings.

E) Gurgaon-Palwal Transmission Limited (GPTL)

Indian rupee term loan of INR 1615.83 million from financial Institutions carries interest at the rate of 11.25% p.a (Benchmark Rate +/- Spread). 60% of total loan amount is repayable in 46 structured quarterly installments post one year moratorium period in accordance with amortisation schedule. Balance 40% of the total loan amount shall be repayable as a bullet repayment as a last installment. The loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of GPTL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of GPTL in to and under all clearances pertaining to the project (including transmission license) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of GPTL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of GPTL.

F) Maheshwaram Tranmsmission Limited (MTL)

Indian rupee term loan of INR 1,571.31 million from banks & financial Institutions carries interest at the rate of 11.50% p.a (Benchmark Rate +/- Spread). 65% of total loan amount is repayable in 46 structured quarterly installments post one year moratorium period in accordance with amortisation schedule. Balance 35% of the total loan amount shall be repayable as a bullet repayment as a last installment. The loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of MTL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of MTL in to and under all clearances pertaining to the project (including transmission license) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of MTL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of MTL.

Domestic bill discounting of INR 737.54 million carries interest rate ranging from 8.6% to 10% p.a. This facility has been sanctioned as a sublimit of the rupee term loan and have the same securities as described above. This facility has a term of 1,080 days and gets converted into rupee term loan on maturity. Hence this has been classified as long term borrowings.

G) Purulia & Kharagpur Transmission Company Limited (PKTCL)

Indian rupee term loan of INR 2,808.41 million from banks and financial institutions carries interest at the rate of Bank of India base rate + 1.55% p.a. 65% of total loan amount is repayable in 46 structured quarterly installments in accordance with amortisation schedule starting from June 2017. Balance 35%

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of the total loan amount shall be repayable as a bullet repayment as a last installment such that door to door tenure of facility is 15 years. The term loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of PKTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of PKTCL in to and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of PKTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from Sterlite Power Transmission Limited ('SPTL') directly/ indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of PKTCL.

Domestic bill discounting of INR 745.24 million carries interest rate ranging from 8.6% to 10% p.a. This facility has been sanctioned as a sublimit of the rupee term loan and have the same securities as described above. This facility has a term of 1,080 days and gets converted into rupee term loan on maturity. Hence this has been classified as long term borrowings.

H) RAPP Transmission Company Limited (RTCL)

Indian rupee term loan of INR 1706.12 million from bank and financial institutions carries interest at the rate of 8.30 % monthly. Spread shall remain fixed for one year from the date of disbursement and lenders shall have the right to reset the spread at the end of every year. 65% of total loan amount is repayable in 57 structured quarterly installments in accordance with amortisation schedule starting from March 2017. Balance 35% of the total loan amount shall be repayable as a bullet repayment as per amortisation schedule such that door to door tenure of facility is 15 years. The term loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of RTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of RTCL in to and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of RTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. A pledge of 51% of the paid up equity share capital of RTCL by Sterlite Grid 2 limited in compliance with relevant laws.

Domestic bill discounting of INR 743.27 million carries interest rate ranging from 8.6% to 10% p.a. This facility has been sanctioned as a sublimit of the rupee term loan and have the same securities as described above. This facility has a term of 1,080 days and gets converted into rupee term loan on maturity. Hence this has been classified as long term borrowings.

Loan Convenants

Bank loans and non convertible debentures contain certain debt covenants relating to limitation on interest service coverage ratio, debt service coverage ratio, total debt gearing, maintenance of specified security margin etc. The financial covenants are reviewed on availability of audited accounts of the respective borrower annually. For the financial year ended March 31, 2017, the Group has satisfied all debt covenants prescribed in the terms of loan from banks and financial institutions, where applicable.

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III. Redeemable Preference Shares

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Authorised shares (no. millions)			
36.40 (31 March, 2016: 36.40, 1 April, 2015: 36.40) redeemable preference shares of INR 2 each	72.80	72.80	72.80
Issued, subscribed and fully paid-up shares (no. millions)			
17.90 (31 March, 2016: Nil, 01 April, 2015: Nil) redeemable preference shares of INR 2 each			
- Nominal Value	35.80	-	-
- Securities Premium	1,969.02	-	-

Terms/rights attached to preference shares

The cumulative redeemable preference shares carry preference dividend at 8% per annum. Holders of preference shares have a preferential right to receive their redemption value in precedence to holders' of equity shares in the event at liquidation. These shares of face value of INR 2 per share were issued at a premium of INR 110.00 per share and will be redeemed at a premium of INR 123.55 per share after 18 months from the date of the allotment i.e. 22/08/2016.

Details of preference shareholders holding more than 5% of shares in the company

	31 March, 2017		31 March, 2016		1 April, 2015	
	No. in million	% holding	No. in million	% holding	No. in million	% holding
Yes Bank Limited	16.81	93.93%	-	-	-	-

IV. Optionally Convertible Redeemable Preference Shares ('OCRPS') (issued by subsidiary company i.e. SPGVL)

i. Terms/rights attached to OCRPS

The Group has 454,552,553 (No.s) Optionally Convertible Redeemable Preference Shares ('OCRPS') with face value INR 10 per OCRPS outstanding as at 31 March, 2017, issued at INR 11 per OCRPS for a total consideration of INR 5,000.08 million (including premium of INR 454.55 million) out of which 409,098,008 (No.s) OCRPS were issued to Standard Chartered Financial Holdings, Mauritius ('Investor') in the year ended 31 March, 2015 and 45,454,545 (No.s) OCRPS issued to Standard Chartered Private Equity Korea III Holdings Ltd. during the year ended March 31, 2016 pursuant to Subscription agreement and Shareholders' Agreement dated 7 July, 2014 ('Agreements') executed among SPGVL, Sterlite Power Transmission Limited and the Investor.

At any time prior to the Exit Date (i.e. 60 months after the date of allotment – 30 July, 2014), at the sole discretion of the Investor, the OCRPS are convertible into 28.41% of the equity share capital of the SPGVL (calculated on a fully diluted basis). The Agreements specify various exit options for the Investor which include i) a IPO; or ii) redemption; or iii) conversion into equity shares of SPGVL.

SPGVL shall undertake a IPO before the Exit date. The IPO shall be effected at a price per equity share, which, multiplied by such number of Investor shares which the Investor continues to hold immediately prior to the filing of the draft red herring prospectus, calculated on a fully diluted basis, would provide the Investor with an amount equal to the Desired Exit Amount.

In case exit is not provided to the Investor as above, the OCRPS, at the sole option of the investor, shall be redeemed by SPGVL at such price so as to provide the Investor with an amount equal to the Desired Exit Amount. This can only be exercised after 60 months from the allotment date.

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In the event that the Investor is unable to achieve a full cash exit through any of the mechanisms set out above within a period of 12 months from the Exit Date, then the Investor shall have the right, at any time thereafter, to convert OCRPS at the lowest permissible price under applicable law into such number of equity shares that will give a full cash exit at a price will give the Investor the Desired Exit Amount, provided, such conversion shall not result in the Investor acquiring more than 49.9% of the paid up share capital of SPGVL (calculated on a Fully Diluted Basis).

The OCRPS are entitled to preferential dividend at the rate of 0.01% per year.

SPGVL cannot take any actions purporting to commit it, in relation to affirmative vote items granted to the Investor through the shareholders' agreement unless such affirmative vote items have been approved by the Investor or the Nominee Director of the Investor, as the case may be, except where such consent requirement has been waived by the Investor in writing.

ii. Detail of shareholders holding of OCRPS

	31 March, 2017		31 March, 2016		1 April, 2015	
	No. in million	% holding	No. in million	% holding	No. in million	% holding
Standard Chartered Financial Holdings, Mauritius	79.38	17%	454.55	100%	454.55	100%
Marina Hari (IV) Pte Ltd	141.11	31%	-	-	-	-
Standard Chartered Pvt. Equity Korea III Holdings Ltd.	234.06	51%	-	-	-	-

NOTE 19 : SHORT TERM BORROWINGS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Cash credit from banks (secured)	2,084.47	497.71	29.35
Working capital demand loans from banks (secured)	3,200.00	2,300.00	1,050.00
Packing credit			
- Secured	2,422.77	-	-
- Unsecured	-	2,500.00	-
Suppliers credit (secured)	30.24	2,604.73	5,263.93
Other loan from banks			
- Secured	112.75	3,491.46	1,222.37
- Unsecured	-	-	81.15
Total	**7,850.23**	**11,393.91**	**7,646.80**

Note :

A) Sterlite Power Transmission Ltd (SPTL)

(i) Cash credit is secured by hypothecation of raw materials , work in progress, finished goods and trade receivables. The cash credit is repayable on demand and carries interest @ 9.35% -12.50 %

(ii) Working capital demand loans from banks are secured by hypothecation of raw materials, work in progress, finished goods and trade receivables. Working Capital Demand Loan is generally taken for a period of 30-180 days and carries interest @ 9.55%-9.75%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(iii) Export packing credits are secured by hypothecation of raw materials, work in progress, finished goods and trade receivables and is generally taken for a period of 180 days. It carries interest @8.85-9.70% p.a.

(iv) Unsecured export packing credit is generally taken for a period of 180 days. It carries interest @9.35% p.a.

(v) Buyer's credit arrangements are secured by hypothecation of raw materials , work in progress,finished goods and trade receivables. Buyer's credit is repaid / rolled over after a period of six months and carry interest @1.51-1.91% (excluding hedging premium).

(vi) Supplier's credit arrangements are secured by hypothecation of raw materials, work in progress, finished goods and trade receivables. Suppliers' credit is repaid after a period of six months where foreign currency supplier's credit carry interest @ 1.50-2.50% in (excluding hedging premium) and domestic suppliers credit carry interest @8.00-9.5%

B) Sterlite Power Grid Ventures Limited ('SPGVL')

(i) Cash credit is secured by hypothecation of entire current assets and receivables both present and future of SPGVL. The cash credit is repayable on demand and carries interest @ 10.50% - 10.80 % p.a.

(ii) Working capital demand loans from banks are secured by hypothecation of entire current assets and receivables both present and future of SPGVL. Working Capital Demand Loan is generally taken for a period of 30-180 days and carries interest @ 9.00% - 10.10%.

NOTE 20 : TRADE PAYABLES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Current			
Trade payables (including acceptances) (refer note 46 for details of dues to Micro, small and medium enterprises)	3,702.94	2,297.46	530.86
Trade payables to related parties (note 59)	152.29	336.33	72.11
Total	**3,855.22**	**2,633.79**	**602.97**

Trade payables are non-interest bearing and are normally settled on 60-90 days terms. However, there were some creditors who have given a credit period of 180 days

NOTE 21 : OTHER FINANCIAL LIABILITIES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non Current			
Other financial liabilities at amortised cost			
Payables for property, plant and equipment	205.96	-	-
Total non-current financial liabilities	**205.96**	**-**	**-**
Current			
Derivative instruments			
Commodity futures	-	645.18	546.43
Forward contracts	408.18	185.16	-
Currency / Interest Rate Swaps	-	105.28	40.64
	408.18	**935.62**	**587.07**
Other financial liabilities at amortised cost			
Current maturities of long-term borrowings (refer note 18)	5,324.08	3,838.63	1,826.88
Interest free deposit from customers	1.17	1.47	1.75
Margin money payable	6.87	-	-
Payables for Employee Stock Appreciation Rights (refer note 48)	35.70	76.68	-
Payables for property, plant & equipment*	4,602.55	2,495.43	1,426.23
Others	502.52	548.95	376.68
Total	**10,881.06**	**7,896.77**	**4,218.61**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

* Payables for purchase of property, plant and equipment are non-interest bearing and are normally settled on 30-120 days terms. It also includes the current maturities of long term payables for purchase of property, plant and equipment which have been valued at amortised cost. Payables with period allowed by the vendors are beyond normal credit terms have been measured at cash price equivalent and the differential amount is recognised as interest expense over the period of credit

Derivative instruments at fair value through OCI reflect the change in fair value of foreign exchange forward contracts designated as cash flow hedges to hedge highly probable forecasts/firm commitments for sales and purchases in US Dollars (USD) and Euros (EUR). Derivative instruments at fair value through OCI also include the change in fair value of commodity forward contracts. The group is exposed to changes in the price of aluminium and copper on its forecast aluminium and copper purchases. The forward contracts do not result in physical delivery of aluminium and copper, but are designated as cash flow hedges to offset the effect of price changes. The group hedges 100% of its expected aluminium and copper purchases

Interest free deposits from customer and earnest money deposits to vendor are non interest bearing.

Other payables are non-interest bearing and have an average term of 30 -60 days

Interest payable is normally settled within 30 days throughout the financial year.

For explanations on the group's credit risk management processes, refer to Note 55

NOTE 22 : EMPLOYEE BENEFIT OBLIGATIONS

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Non current			
Provision for employee benefits	3.79	-	-
Provision for gratuity (refer note 39)	40.12	32.71	32.45
Total	**43.91**	**32.71**	**32.45**
Current			
Provision for gratuity (refer note 39)	10.06	6.19	-
Provision for leave benefit	37.69	33.94	23.43
Total	**47.74**	**40.13**	**23.43**

NOTE 23: DEFERRED TAX LIABILITIES (NET)

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
I. Deferred tax liability			
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/ amortisation for financial reporting	790.63	3,012.53	1,120.57
Fair valuation of Land on transition date	38.86	38.86	38.86
MTM of forward contracts and commodity future contracts	124.61	-	-
Others	2.53	2.05	-
Gross deferred tax liability	**956.63**	**3,053.44**	**1,159.43**
Less: Netted off against deferred tax assets	956.63	3,021.81	1,090.07
Net deferred tax liability	**-**	**31.63**	**69.36**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
II. Deferred tax assets			
Impact of Business Loss incurred during current year and previous years	224.05	-	-
Unabsorbed tax depreciation	1,458.54	3,283.12	1,083.97
Provision for doubtful debts and advances	-	62.50	62.50
Impact of expenditure charged to P&L in the current year but allowed for tax purposes on payment basis	-	12.76	12.76
Provision for inventory	-	45.18	45.18
MAT Credit entitlement	52.66	-	-
Others	4.84	13.19	13.19
Gross deferred tax assets	**1,740.09**	**3,416.85**	**1,217.71**
Less: Netted off against deferred tax liabilities	956.63	3,021.81	1,090.07
Net deferred tax Asset	**783.46**	**395.04**	**127.64**

Reconciliation of deferred tax liability

(INR in million)

	31 March, 2017	31 March, 2016
Opening deferred tax asset, net	363.40	58.28
Deferred tax credit recorded in statement of profit and loss (including MAT credit availed)	546.68	302.29
Deferred tax charge recorded in OCI	(124.18)	2.78
Others	(2.44)	0.05
Closing deferred tax liability, net	**783.46**	**363.40**

The major components of income tax expense for the years ended 31 March, 2017 and 31 March, 2016 are:

Profit or loss section		
Current Income Tax	469.02	-
MAT Credit entitlement	(52.66)	-
Deferred Tax		
Relating to origination and reversal of temporary differences	(494.02)	(302.29)
Income tax expenses reported in the statement of profit or loss	**(77.65)**	**(302.29)**

OCI Section		
Deferred tax related to items recognised in OCI during in the year:		
Net (gain)/loss on revaluation of cash flow hedges	(124.08)	2.42
Re-measurement loss defined benefit plans	(0.11)	0.37
Income tax charged through OCI	**(124.18)**	**2.78**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March, 2017 and 31 March, 2016:

(INR in million)

	31 March, 2017	31 March, 2016
Accounting profit before income tax	**(3,687.89)**	**(5,429.64)**
At India's statutory income tax rate of 34.61% (31 March, 2016: 34.61%)	(1,276.38)	(1,879.20)
Adjustments in respect of Deferred tax of previous years	57.50	-
Deferred tax asset not recognised on fair valuation loss of OCRPS	661.24	963.16
Deferred tax asset not recognised on impairment loss	521.87	-
MAT expense	52.06	-
Brought forward tax losses utilised on which deferred tax was not recognised in earlier period	(55.69)	-
Deferred tax asset not recognised on loss for the year	69.33	573.97
Other non-deductible expenses	(107.60)	39.77
At the effective income tax rate of 2.05% (31 March, 2016: 5.71%)	**(77.66)**	**(302.30)**
Income tax expense/(credit) reported in the statement of profit and loss	**(77.66)**	**(302.29)**

NOTE 24: OTHER LIABILITIES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Advance from customers	702.70	1,102.68	1,067.53
Service tax payable	13.17	6.16	8.83
TDS payable	103.88	77.33	20.51
Value added tax payable	46.63	43.50	0.54
Central sales tax payable	6.63	12.27	6.93
Gross amount due to customers for contract work as a Liability	26.06	-	-
General Sales Tax (J&K) payable	282.39	106.42	-
Others	304.62	212.12	464.65
Total	**1,486.08**	**1,560.48**	**1,568.99**

NOTE 25: REVENUE FROM OPERATIONS

(INR in million)

	31 March, 2017	31 March, 2016
Sale of products		
Finished goods	16,423.34	19,536.50
Traded goods	265.02	157.93
Sale of services	605.93	214.12
Revenue from projects	1,731.26	1,849.01
Revenue from power transmission	7,522.29	4,938.60
Other operating revenue		
Scrap sales	107.66	124.35
Export incentive	56.39	125.33
Revenue from operations	**26,711.89**	**26,945.84**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 26: FINANCE INCOME

(INR in million)

	31 March, 2017	31 March, 2016
Interest income on		
Bank deposits	16.99	36.90
Loan to related parties (refer note 59)	4.46	-
Dividend/Fair value gain on mutual fund investments measured at fair value through profit or loss	79.29	41.87
Interest on income tax refund	5.39	3.68
Government grant/Interest subvention	3.40	-
Others	12.80	7.86
Total	**122.33**	**90.31**

NOTE 27: OTHER INCOME

(INR in million)

	31 March, 2017	31 March, 2016
Insurance claim received	10.03	-
Balances no longer payable written back	-	18.10
Lease rental income	2.57	-
Profit on sale of asset (net)	4.74	1.35
Miscellaneous income	2.97	4.98
Total	**20.31**	**24.43**

NOTE 28: COST OF RAW MATERIAL AND COMPONENTS CONSUMED

(INR in million)

	31 March, 2017	31 March, 2016
Inventory at the beginning of the year	1,002.17	1,075.97
Add: Purchases	11,751.69	15,046.40
	12,753.86	**16,122.37**
Less: Inventory at the end of the year	794.58	1,002.17
Cost of raw material and components consumed	**11,959.28**	**15,120.20**

NOTE 29: PURCHASE OF TRADED GOODS AND SUBCONTRACTING EXPENSES

(INR in million)

	31 March, 2017	31 March, 2016
Traded goods purchased	467.10	116.53
Subcontracting charges*	376.76	216.36
	843.86	**332.89**

*These charges pertains to services rendered in relation to construction contracts

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 30: (INCREASE) / DECREASE IN INVENTORIES

(INR in million)

	31 March, 2017	31 March, 2016
Opening inventories:		
Traded goods	50.31	56.91
Work-in-progress	455.87	520.46
Finished goods	562.38	618.14
	1,068.55	**1,195.50**
Closing inventories:		
Traded goods	14.69	50.31
Work-in-progress	482.68	455.87
Finished goods	373.27	562.38
	870.64	**1,068.55**
(Increase) / decrease in inventories	**197.91**	**126.95**

NOTE 31: EMPLOYEE BENEFIT EXPENSE

(INR in million)

	31 March, 2017	31 March, 2016
Salaries, wages and bonus	488.81	366.37
Contribution to provident fund	28.90	14.00
Employees stock option expenses (refer note below)	8.01	33.70
Employees stock appreciation rights (refer note 48)	(6.25)	18.23
Gratuity expenses (refer note 39)	11.18	9.61
Staff welfare expenses	58.62	33.22
Total	**589.27**	**475.13**

Pursuant to demerger of Power products and solution business from Sterlite Technologies Limited ("STL"), employees of power business have been transferred to the group. ESOPs granted to such employees by Sterlite Technologies Limited will continue to be held and exercised by them. The charge in respect of ESOPs held by employees transferred from STL to the group shall be borne by the group with effect from 1 April, 2015. Accordingly, an amount of INR 8.01 millions (31 March, 2016: INR 33.70 millions) pertaining to charge for the year ended 31 March, 2016 on ESOPs held by such employees has been recorded in the books of the group.

Employee benefit expense above is net of the amounts capitalised to property, plant and equipment. Refer note 40 for details.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 32: OTHER EXPENSES

(INR in million)

	31 March, 2017	31 March, 2016
Increase / (decrease) of excise duty on inventory	28.77	(32.44)
Consumption of stores and spares	106.32	108.38
Power, fuel and water	279.45	351.73
Repairs and maintenance		
- Building	5.02	6.74
- Machinery	109.98	88.00
Transmission infrastructure maintenance charges	168.50	123.55
Carriage inwards	28.25	34.48
Consumption of packing materials	555.88	693.05
Sales commission (other than sole selling agent)	110.06	246.24
Sales promotion	29.13	64.69
Carriage outwards	390.59	534.23
Rent	37.49	48.64
Insurance	138.77	82.43
Rates and taxes	122.01	20.27
Travelling and conveyance	144.56	113.45
Bad debts / advances written off	6.87	4.60
Legal and professional fees	122.28	72.31
Provision for doubtful debts and advances (refer note 8)	86.93	49.92
Directors sitting fee and commission	1.29	1.14
Payment to auditor (refer details below)	25.29	13.20
Foreign exchange difference	9.03	-
Miscellaneous expenses	759.42	999.62
Total	**3,265.89**	**3,624.23**

Other expenses above are net of the amounts capitalised to property, plant and equipment. Refer note 40 for details.

Payment to auditor

(INR in million)

	31 March, 2017	31 March, 2016
As auditor:		
Audit fee (including audit of consolidated financial statement)	12.14	9.36
Tax audit fee	**1.15**	**0.90**
In other capacity:		
Other services (including certification fees)	**9.50**	**1.75**
Service Tax	2.50	1.09
Total	**25.29**	**13.20**

NOTE 33: DEPRECIATION AND AMORTISATION EXPENSE

(INR in million)

	31 March 2017	31 March 2016
Depreciation of tangible assets	2,357.79	1,979.39
Amortisation of intangible assets	2.95	2.41
Amortisation of goodwill (refer Note 53)	735.10	735.10
Total	**3,095.84**	**2,716.90**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 34: IMPAIRMENT EXPENSES

(INR in million)

	31 March 2017	31 March 2016
Impairment of assets held for sale (refer Note 11)	912.49	-
Impairment of goodwill (refer Note 11)	355.16	-
Total	**1,267.65**	**-**

NOTE 35: FINANCE COST

(INR in million)

	31 March 2017	31 March 2016
Interest on financial liabilities measured at amortised cost	5,736.77	5,124.47
Loss on fair valuation of financial liability at fair value through profit and loss	1,910.54	2,782.89
Finance charges payable under finance leases	1.14	-
Bank charges	130.34	258.10
Exchange difference to the extent considered as an adjustment to borrowing costs	110.78	499.03
Total	**7,889.57**	**8,664.49**

Finance cost above is net of the amounts capitalised to property, plant and equipment. Refer note 40 for details.

NOTE 36: EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/loss attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the loss and share data used in the basic and diluted EPS computation

(INR in million)

	31 March, 2017	31 March, 2016
Loss for the year	(3,610.23)	(5,127.35)
Weighted average number of equity shares in calculating basic and diluted EPS*	61.18	61.18
Earnings per share		
Basic and Diluted (on nominal value of INR 2 per share) Rupees/share	**(59.01)**	**(83.81)#**

* Equity shares issued during the current year as part of the Scheme of demerger (refer note 53) have been considered for the computation of weighted average number of shares from the appointed date i.e. 1 April, 2015.

\# Pursuant to the Scheme of demerger (refer note 53) with appointed date as 1 April, 2015, the equity shares were issued in the current year. Based on the number of equity shares issued, the EPS for previous year has been computed and disclosed as above. Since the number of equity shares was not unascertainable in the previous year, hence details in respect of EPS were not disclosed in the previous year.

NOTE 37: SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue recognition for construction contracts

As described in Note 2.2, revenue and costs in respect of construction contracts are recognised by reference to stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group estimates the total cost of the project at each period end. These estimates are based on the rates agreed with vendors/sub contractors and management's best estimates of the costs that would be incurred for the completion of project based on past experience and/or industry data. These estimates are re-assessed at each period end. Variations in contract works, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Revenue recognition on projects

For the purpose of revenue recognition on fixed price projects based on percentage of completion method, the group determines the stage of completion of the project as proportion of actual cost incurred to total estimated cost of the project. The group estimates the total cost of the project at each period end (including the estimates of liquidated damages). These estimates are based on the rates agreed with vendors/sub contractors and management's best estimates of the costs that would be incurred for the completion of project based on past experience and/or industry data. These estimates are re-assessed at each period end.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

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These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 39.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 57 and 58 for further disclosures.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The group has INR 200.33 millions (31 March, 2016: INR 1,523.34 millions) of tax losses carried forward. These losses may not be used to offset taxable income in the group. On this basis, the group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. If the group was able to recognise all unrecognised deferred tax assets, loss for the year would have decreased and equity would have increased by INR 596.56 millions (31 March, 2016: INR 527.23 millions). Further details on taxes are disclosed in Note 23.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Disposal group classified as held for sale

As at 31 March, 2017, the investment of the Group in net assets of Sterlite Grid 1 Limited, Bhopal Dhule Transmission Company Limited and Jabalpur Transmission Company Limited (together referred as 'disposal group') is proposed to be transferred to India Grid Trust (a trust set up as as an infrastructure investment trust under the SEBI (Infrastructure Investment Trusts) Regulations, 2014) in exchange of which the Group will receive units of the Trust and certain amount in cash. The management has classified these assets and associated liabilities as held for sale since the carrying amounts of such assets and liabilities will be recovered principally through sale transaction rather than through continuing use. Management has concluded that these assets and liabilities are available for immediate sale and the sale is highly probable considering the fact that India Grid Trust is in the process of IPO as part of which the assets will be trasnferred to it.

Further, Sterlite Power Grid Ventures Limited (SPGVL), being the sponsor of India Grid Trust, will have restrictions on transfer of the units within 1 year of allotment of such units. Therefore, the assets held for sale to the extent of consideration to be received in units of India Grid Trust have been disclosed as non-current. For details of assets held for sale, refer note 11

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Applicability of Appendix A-Service Concession Arrangements of Ind AS 11 Construction Contracts
The Group through its subsidiaries is a transmission licensee under the Electricity Act 2003 holding valid license for 25 years. It has also entered into a Transmission Services Agreement (""TSA"") with Long Term Transmission Customers (""LTTC"") through a tariff based bidding process and is required to Build, Own, Operate and Maintain (""BOOM"") the transmission infrastructure for a period of 25/35 years. The management of the Company is of the view that the grantor as defined under Appendix A of Ind AS 11 (""Appendix A"") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix A is not applicable to the Group.

NOTE 38: LIST OF SUBSIDIARIES WHICH ARE INCLUDED IN THE CONSOLIDATION AND THE COMPANY'S EFFECTIVE EQUITY SHAREHOLDINGS THEREIN ARE AS UNDER:

Name of the Company	Effective equity shareholding as on 31 March, 2017	Effective equity shareholding as on 31 March, 2016	Effective equity shareholding as on 1 April, 2015	Country of incorporation
List of subsidiaries				
Sterlite Power Grid Ventures Limited	96.15%	96.15%	96.15%	India
Sterlite Investment Managers Limited (erstwhile Sterlite Infraventures Limited)	100.00%	-	-	India
Sterlite Grid 1 Limited (SGL)	96.15%	96.15%	96.15%	India
Sterlite Grid 2 Limited (SG2L)	96.15%	96.15%	96.15%	India
Sterlite Grid 3 Limited (SG3L)	96.15%	96.15%	96.15%	India
Sterlite Grid 4 Limited (SG4L)	96.15%	96.15%	-	India
Sterlite Grid 5 Limited (SG5L)**	96.15%	-	-	India
East-North Interconnection Company Limited (ENICL)	98.11%	98.11%	98.11%	India
Bhopal Dhule Transmission Company Limited (BDTCL)	96.15%	96.15%	96.15%	India
Jabalpur Transmission Company Limited (JTCL)	96.15%	96.15%	96.15%	India
Purulia & Kharagpur Transmission Company Limited (PKTCL)	96.15%	96.15%	96.15%	India
RAPP Transmission Company Limited (RTCL)	96.15%	96.15%	96.15%	India
NRSS XXIX Transmission Limited (NRSS)	96.15%	96.15%	96.15%	India
Maheshwaram Transmission Limited (MTL)	96.15%	96.15%	-	India
Odisha Generation Phase-II Transmission Limimted (OGPTL)#	96.15%	-	-	India
Gurgaon-Palwal Transmission Limited (GPTL) #	96.15%	-	-	India

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Name of the Company	Effective equity shareholding as on 31 March, 2017	Effective equity shareholding as on 31 March, 2016	Effective equity shareholding as on 1 April, 2015	Country of incorporation
Khargone Transmission Limited (KTL) *	96.15%	-	-	India
NER-II Transmission Limited (NER-II) *	96.15%	-	-	India

** Subsidiary incorporated during the year.
# Acquired during the year from Power Finance Corporation Limited.
* Acquired during the year from REC Transmission Projects Company Limited.

NOTE 39: EMPLOYEE BENEFIT OBLIGATION

The group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

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

(INR in million)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Defined benefit obligation at the beginning of the year	38.91	32.45	28.44
Current service cost	8.09	7.02	1.55
Interest cost	3.08	2.59	0.25
Benefit Paid directly by the employer	(0.99)	(0.25)	-
Actuarial (gain)/loss due to change in financial Assumption	2.71	0.16	0.40
Actuarial (gain)/loss on obligation due to experience	(1.62)	(3.07)	1.81
Present Value of Benefit Obligation at the end of the period	50.18	38.91	32.45

Details of defined benefit obligation

(INR in million)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Present value of defined benefit obligation	50.18	38.91	32.45
Fair value of plan assets	-	-	-
Defined benefit liability	**50.18**	**38.91**	**32.45**

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

(INR in million)

Partculars	31 March, 2017	31 March, 2016
Current service cost	8.09	7.02
Interest cost on benefit obligation	3.08	2.59
Net actuarial (gain) / loss recognised	-	-
Expected return on plan assets	-	-
Contribution by employer	-	-
Net benefit expense	**11.17**	**9.61**

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Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period

(INR in million)

	31 March, 2017	31 March, 2016
Acturial Gains/(Losses) on Obligation for the period	1.09	(2.90)
Return on Plan assets , Excluding Interest Income	-	-
Net (Income)/Expense for the period recognized in OCI	1.09	(2.90)

Amounts for the current and previous periods are as follows:

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Defined benefit obligation	50.18	38.91	32.45
Plan assets	-	-	
Surplus / (deficit)	50.18	38.91	32.45
Experience adjustments on plan liabilities	(1.62)	(3.07)	1.81
Experience adjustments on plan assets	-	-	-

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

	31 March, 2017	31 March, 2016	1 April, 2015
Discount rate	7.10% - 7.22%	7.80% - 8.00%	7.98%
Expected rate of return on plan asset	NA	NA	NA
Employee turnover	10.00%	10.00%	10.00%
Expected rate of salary increase	8.00%	8.00%	8.00%
Actual rate of return on plan assets	NA	NA	NA

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

Sensitivity Analysis

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Projected Banefit obligation on Current Assumptions	50.18	38.91	32.45
Delta Effect of +1% Change in Rate of Discounting	(3.58)	(2.54)	(2.29)
Delta Effect of -1% Change in Rate of Discounting	4.09	2.89	2.48
Delta Effect of +1% Change in Rate of Salary Increase	4.02	2.94	2.51
Delta Effect of -1% Change in Rate of Salary Increase	(3.58)	(2.64)	(2.36)
Delta Effect of +1% Change in Rate of Employee Turnover	(1.19)	(0.55)	(0.42)
Delta Effect of -1% Change in Rate of Employee Turnover	1.58	0.64	0.37

Maturity Analysis of Projected Benefit Obligation: From the Employer

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefits Payable in Future Years from the date of Reporting			
1st year	4.06	3.23	5.58
2-5 years	16.01	13.92	10.63
6-10 years	18.83	15.06	12.56
More than 10 years	11.27	6.70	3.68

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 40: CAPITALISATION OF EXPENDITURE

During the year, the Group has capitalised the following expenses to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

(INR in million)

	31 March, 2017	31 March, 2016
A. Opening balance of expenditure included in CWIP	1,154.11	3,039.34
B. Additions to CWIP during the year		
Employee benefits expense (including gratuity)	342.79	310.43
Finance costs	1,474.64	890.87
Travelling and conveyance	95.29	75.77
Professional and consultancy fee	874.87	213.40
Other Expenses	142.31	63.04
Total (B)	2,929.91	1,553.52
C. Transferred to property, plant and equipment during the year	1,231.43	3,396.14
D. Closing balance of expenditure in CWIP (A+B-C)	2,852.58	1,196.71

NOTE 41: LEASES

Operating lease

Group as lessee:

The Group has taken office buildings on operating lease. The lease term is for periods of three to nine years and renewable at the option of the Group.

(a) Lease payments recognised in the statement of profit and loss for the year is INR 37.48 millions (net of amount capitalised to property plant and equipment of INR 48.65 million) [31 March, 2016: INR 27.26 millions (net of amount capitalised to property plant and equipment of INR 3.35 million)].

(b) The future minimum lease payments payable under non-cancellable operating lease over the next one year is INR 77.46 millions (31 March, 2016: INR 25.57 millions, 1 April, 2015: INR 25.60 millions).

(c) The future minimum lease payments payable under non-cancellable operating lease later than one year but not later than five year is INR 188.98 millions (31 March, 2016: INR 98.08 millions, 1 April, 2015: INR 96.37 millions).

Group as lessor:

The Group has given equipments on operating lease. The Lease term varies from 4 months to 6 months and renewable with mutual consent of both the parties. Disclosures in respect of operating leases of equipments are as under:

(a) Lease income recognised in the Statement of Profit and Loss for the year is INR 2.57 millions (31 March, 2016: Nil).

(b) The future minimum lease payments receivable over the next one year is Nil (31 March, 2016: Nil, 1 April, 2015: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Finance lease

Group as lessee:

The Group has taken laptops on finance lease. The lease term is for periods of three years.

Future minimum lease payments under finance lease with the present value of the net minimum lease payments are as follows

	31 March, 2017		31 March, 2016		1 April, 2015	
	Minimum payment	Present value of MLP	Minimum payment	Present value of MLP	Minimum payment	Present value of MLP
Within one year	6.92	6.08	3.14	2.75	-	-
After one year but not more than five years	7.65	6.23	6.27	5.18	-	-
Total minimum lease payments	14.58	12.31	9.41	8.04	-	-
Less: amounts representing finance charges	2.27	-	1.37	-	-	-
Present value of minimum lease payments	12.31	12.31	8.04	8.04	-	-

NOTE 42: CAPITAL AND OTHER COMMITMENTS

a] Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) are INR 34,497.72 millions (31 March, 2016: INR 13,711.23 million, 1 April, 2015 INR 5,600.13 millions)

b] Entities in power transmission grid business have entered into transmission service agreements (TSAs) with long term transmission customers pursuant to which these entities have committed to transmit power of contracted capacity and have also committed minimum availability of transmission line over the period of respective TSAs. The TSAs contain provision for disincentives and penalties in case of certain defaults.

c] The Group has entered into agreements with the lenders of following subsidiaries wherein it has committed to hold directly or indirectly at all times at least 51% of equity share capital of below mentioned subsidiaries and not to sell, transfer, assign, pledge or create any security interest except pledge of shares to the respective lenders as covered in respective agreements with lenders.

1. RAPP Transmission Company Limited
2. Purulia Kharagpur Transmission Company Limited
3. Maheshwaram Transmission Limited
4. NRSS XXIX Transmission Company Limited
5. Odisha Generation Phase-II Transmission Limited (OGPTL)
6. Gurgaon-Palwal Transmission Limited (GPTL)
7. Khargone Transmission Limited (KTL)

d] For commitments relating to Optionally Convertible Redeemable Preference Shares, refer note 18.

e] For commitments relating to lease arrangements, refer note 41.

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NOTE 43: CONTINGENT LIABILITIES

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
1. Disputed liabilities in appeal			
a) Entry tax demand	373.84	276.32	100.94
b) Excise duty	419.00	133.00	133.00
c) VAT demand	977.05	104.34	-
d) Building and Other Construction Workers (BOCW) Cess demand	-	4.17	-
2. Outstanding amount of export obligation against advance license	60.68	10.90	-

The Group has not provided for disputed excise duty arising from disallowances made in assessments which are pending with appellate authorities for its decision. The group is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the group's financial position and results of operations.

Entry tax demand of INR 164.13 millions (31 March, 2016: 156.04 millions, 1 April, 2015: INR. 68.95 millions) for Bhopal Dhule Transmission Company Limited (BDTCL) and INR 125.04 millions (31 March, 2016: 98.45 millions, 1 April, 2015: 31.99 millions) for Jabalpur Transmission Company Limited (JTCL) pertains to demands under the Entry tax act read with Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13, 2013-14 and 2014-15. BDTCL and JTCL have preferred an appeal against the demand before High Court, Jabalpur (Madhya Pradesh). Both the subsidiaries are contesting the demand and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the consolidated financial position and results of the operations. BDTCL and JTCL have deposited INR 57.77 millions (31 March, 2016: 39.01 millions, 1 April, 2015: 6.90 millions) and INR 44.29 millions (31 March, 2016: 24.61 millions, 1 April, 2015: 3.20 millions) respectively with the tax authorities against the said demands to comply the order of hon'ble High court of the Madhya pradesh. The Hon'ble high court has accepted the plea of subsidiaires and has given stay on entire demand after deposit of specified amount till the disposal of case.

Entry tax demand of INR 51.55 millions (31 March, 2016: 21.83 millions, 1 April, 2015: Nil) for JTCL pertains to demand under Entry Tax Act read with Chhattisgarh Value Added Tax Act, 2005 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13 and 2013-14. JTCL has preferred an appeal against the demand before the Chairman Chhattisgarh Commercial tax Tribunal , Raipur(C.G.). The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the consolidated financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on consolidated financial position and results of the operations. JTCL has deposited INR 12.05 millions (31 March, 2016:2.18 millions, 1 April, 2015: Nil) with the tax authorities against the said demand as per the provision of Chhattisgarh Value Added Tax Act, 2005 for filing of appeal.

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Entry tax demand of INR 6.20 millions for RAPP Transmission Company Limited ('RTCL') pertains to demands under the Entry tax act read with Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2014-15. RTCL has appealed against the demand before High Court, Jabalpur (Madhya Pradesh). The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the consolidated financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the financial position and results of the operations of RTCL. RTCL has deposited INR 2.39 millions with the tax authorities against the said demands to comply the order of hon'ble High court of the Madhya pradesh. The Hon'ble high court has accepted the plea of RTCL and has given stay on entire demand after deposit of specified amount till the disposal of case.

VAT demand of INR 104.34 millions for Purulia & Kharagpur Transmission Company Limited (PKTCL) pertains to demand under Jharkhand Value Added Tax (Amendment) Act, 2005 for payment of VAT for the year 2015-16. The Group has preferred an appeal against the demand before Joint commissioner of commercial tax, Ranchi. The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of the operations. PKTCL has deposited INR 26.09 millions with the tax authorities against the said demand.

Value Added Tax ('VAT') demand and Entry tax demand of INR 872.71 millions and 26.92 million respectively for East-North Interconnection Company Limited ('ENICL') pertains to demands under the Bihar Value Added Tax Act, 2005 and Bihar Tax on Entry of Goods Act, 1983 respectively for payment of VAT and entry tax upon completion of assessment by tax authorities for the year 2010-11, 2011-12 and 2012-13 for VAT and 2010-11 for entry tax. ENICL has preferred an appeal against the demand before Joint Commissioner of Commercial Taxes (Appeal), Central Division, Patna. The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the consolidated financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the consolidated financial position and results of the operations of the Group. ENICL has deposited INR 75.28 millions with the tax authorities against the said demands to comply the order of Joint Commissioner.

It is not practicable to indicate the uncertainties which may affect the future outcome and estimate the financial effect of the above liabilities.

NOTE 44: HEDGING ACTIVITIES AND DERIVATIVES

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of highly probable forecast transactions/firm commitments for sales and purchases in USD and EUR. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions/firm commitments. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

Commodity futures entered in London Metal Exchange (LME) measured at fair value through OCI are designated as hedging instruments in cash flow hedges of highly probable forecast transactions/firm commitments for purchases of Aluminium and copper. The futures contract balances vary with the level of expected quantity of purchases of aluminium and copper. The terms of the future contracts match the terms of the expected highly probable forecast transactions/firm commitments. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

The cash flow hedges during the year ended 31 March, 2017 were assessed to be highly effective and a net unrealised gain of INR. 235.44 million, net of deferred tax liability of INR 124.61 million relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges during the year ended 31 March, 2016 were assessed to be highly effective and an unrealised loss of INR 598.05 million was included in OCI in respect of these contracts. The amounts retained in OCI at 31 March, 2017 are expected to mature and affect the statement of profit and loss during the year ended 31 March, 2018.

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Other derivative instruments (foreign exchange forward contracts other than above and interest/currency swap contracts) which are not designated as hedging instruments are measured at fair value with changes in fair value recognised in profit or loss. During the year ended 31 March, 2017, gain of INR 1.00 million (31 March, 2016: loss of INR 138.20 million) has been recognised in the statement of profit and loss pertaining to the changes in fair value of derivative instruments.

NOTE 45: DERIVATIVE INSTRUMENTS

(a) The following are the outstanding forward exchange contracts entered into by the group, for hedge purpose, as on 31 March, 2017:

Purpose	Foreign currency (In million)	Amount (INR in million)	Buy/Sell	No. of contracts (Quantity)
31 March, 2017				
Hedge of payables, buyers credit and highly probable foreign currency purchases*	US $ 160.23	11,022.65	Buy	189
Hedge of trade receivables and highly probable foreign Currency Sale	US $ 30.7	2,024.80	Sell	51
Hedge of payables, buyers credit and highly probable foreign currency purchases	EUR 4.0	335.50	Buy	4
Hedge of trade receivables and highly probable foreign Currency Sale	EUR 2.10	146.34	Sell	2
* Out of above, derivative instruments worth USD 42.67 million (INR 2,604.14 million) pertain to liabilities associated with assets classified as held for sale.				
31 March, 2016				
Hedge of payables, buyers credit and highly probable foreign currency purchases	US $ 173.83	11,529.04	Buy	189
Hedge of trade receivables and highly probable foreign Currency Sale	US $ 60.2	3,992.80	Sell	67
Hedge of payables, buyers credit and highly probable foreign currency purchases	EUR 0.4	29.16	Buy	2
Hedge of trade receivables and highly probable foreign Currency Sale	EUR 0.4	33.68	Sell	1
1 April, 2015				
Hedge of payables, buyers credit and highly probable foreign currency purchases	US $ 11.53	5,938.05	Buy	105
Hedge of trade receivables and highly probable foreign currency sale	US $ 6.33	4,098.37	Sell	60
Hedge of payables, buyers credit and highly probable foreign currency purchases	EUR 0.15	113.48	Buy	5
Hedge of trade receivables and highly probable foreign currency sale	EUR 0.26	164.60	Sell	1

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(b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(i) Amount receivable in foreign currency on account of the following:

Category		31 March, 2017		31 March, 2016		1 April, 2015	
	Currency type	Foreign currency (In million)	Amount (INR in million)	Foreign currency (In million)	Amount (INR in million)	Foreign currency (In million)	Amount (INR in million)
Export of goods	US $	-	-	0.38	25.63	-	-
Export of goods	EUR	-	-	0.03	2.44	-	-
Advance to suppliers	EUR	-	-	-	-	0.01	0.92
Advance to suppliers	US $	-	-	-	-	0.11	7.54
Advance to suppliers	CAD	-	-	-	-	0.21	10.23
Balance with banks	ETB	-	-	0.52	1.92	-	-

(ii) Amounts payable in foreign currency on account of the following:

Category		31 March, 2017		31 March, 2016		1 April, 2015	
	Currency type	Foreign currency (In million)	Amount (INR in million)	Foreign currency (In million)	Amount (INR in million)	Foreign currency (In million)	Amount (INR in million)
Import of goods and services	EUR	0.22	15.58	-	-	-	-
External commercial borrowings	US $	-	-	-	-	42.12	2,636.02
Import of capital goods	EUR	0.01	0.79	-	-	-	-
Import of capital goods	US $	-	-	2.19	145.28	2.54	159.08
Other financials liabilities	US $	-	-	-	-	7.24	452.89
Other financials liabilities	EUR	0.05	2.78	-	-	0.46	31.20

(c) Commodity future contracts to hedge against fluctuation in commodity prices:

The following are the outstanding future contracts entered into by the company as on 31 March, 2017:

Year	Commodity type	No. of contracts	Contracted quantity (MT)	Buy/Sell
31 March, 2017	Aluminium	200	57,762	Buy
31 March, 2017	Aluminium	30	4,030	Sell
31 March, 2017	Copper	5	183	Buy
31 March, 2017	MJP	16	18,000	Buy
31 March, 2016	Aluminium	280	73,701	Buy
31 March, 2016	Aluminium	70	9,350	Sell
1 April, 2015	Aluminium	261	73,409	Buy
1 April, 2015	Aluminium	59	10,550	Sell

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(d) Interest rate/Cross currency interest rate swap contracts outstanding as at year end to hedge against exposure to variable interest outflow on loans/foreign currency fluctuations:

Year	Currency type	No. of contracts	Foreign currency In Millions (Nominal amount)	Period of Contract	Floating rate	Fixed rate
March 31, 2017	US $	1	9.49	31 Dec, 2015 to 31 Mar, 2021	1.95% (fixed LIBOR) + spread of 3.8% on USD principal	6.71% on INR principal
March 31, 2017	US $	1	41.40	31 Dec, 2015 to 27 Dec, 2017	USD 6 Month Libor on USD principal	1.95% on USD principal
31 March, 2016	US $	1	11.63	13 Feb, 2013 to 31 Mar, 2021	USD 6 Month Libor	6.710%
31 March, 2016	US $	1	41.40	31 Dec, 2015 to 31 Mar, 2021	USD 6 Month Libor	1.950%
1 April, 2015	US $	1	23.77	13 Feb, 2013 to 30 Dec, 2015	USD 6 Month Libor	1.045%
1 April, 2015	US $	1	41.40	31 Dec, 2015 to 27 Dec, 2017	USD 6 Month Libor	1.950%

NOTE 46: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year. Principal amount due to micro and small enterprises	24.06	15.80	5.20
Interest due on above	1.04	0.30	0.10
(ii) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-	
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	1.04	0.30	0.10

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(INR in million)

	31 March, 2017	31 March, 2016	1 April, 2015
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-	

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 is INR 1.04 million (31 March, 2016: INR 0.30 million, 1 April, 2015: INR 0.10 million) and the same is not accrued in the books of accounts. Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimations received from the "suppliers" / informations available with the Company regarding their status under the Micro, Small and Medium Enterprises Development Act , 2006.

NOTE 47: DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (Ind AS) 11 "CONSTRUCTION CONTRACTS"

(INR in million)

	31 March, 2017	31 March, 2016
Amount of contract revenue recognised during the year	1,731.26	1,849.01
The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the reporting date	1,868.12	1,849.01
Amount of customer advances outstanding for contracts in progress upto the reporting date	4.81	5.25
Retention amount due from customers for contracts in progress upto the reporting date	-	148.15
Gross amount due from customers for contract work as an asset	3.38	3.27
Gross amount due to customers for contract work as a Liability	(26.06)	-

NOTE 48: EMPLOYEE STOCK APPRECIATION RIGHTS (ESAR)

During the year ended 31 March, 2016, Sterlite Power Grid Ventures Limited ('SPGVL') had granted 12.78 million Employee Stock Appreciation Rights (ESARs) to eligible employees under the Employee Stock Appreciation Rights 2015 ("ESAR 2015") Scheme ("Scheme") as approved by the Committee formed under the Scheme vide Board Resolution dated 16 May, 2015. Following is reconciliation of provision for ESAR outstanding -

Particulars	31 March, 2017		31 March, 2016	
	Numbers (in million)	Amount (in million)	Numbers (in million)	Amount (in million)
Opening balance as at the beginning of the year	**12.78**	**76.68**	**-**	**76.68**
ESAR granted during the period	0.16	0.96	12.78	76.68
ESAR Cancelled	(7.25)	(43.50)	-	-
Payment towards ESARs vested	(2.45)	(14.67)	-	-
Balance	**3.25**	**19.47**	**12.78**	**153.36**
Provision for increase in FMV of equity share		16.23		-
Closing balance as at the end of the year	**3.25**	**35.70**	**12.78**	**153.36**

Vesting of ESARs is subject to continued employment with the SPGVL. The ESARs shall be cash settled based on the excess of fair market value (FMV) of equity share of SPGVL as on the date of vesting over the SAR price (i.e. the base price defined on the grant date of SAR) specified in the Scheme. During the year, 9.69 million ESARs have been cancelled and hence provision amounting to INR 43.50 million has been reversed. The FMV is determined by the Committee based on the discounted cash flow valuation and other relevant factors.

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As at March 31, 2017, excess of FMV over SAR price specified in the Scheme is INR 11 (31 March, 2016: INR 6) and accordingly an expense of INR 16.23 million (31 March, 2016: INR 76.68 million) has been recorded in the consolidated statement of profit and loss.

NOTE 49 (A) : ADDITIONAL INFORMATION RELATED TO SUBSIDIARIES

Name of entity	Net assets, i.e., total assets minus total liabilities (31 March, 2017)		Net assets, i.e., total assets minus total liabilities (31 March, 2016)		Net assets, i.e., total assets minus total liabilities (1 April, 2015)	
	As % of consolidated net assets	(INR in millions)	As % of consolidated net assets	(INR in millions)	As % of consolidated net assets	(INR in millions)
Sterlite Power Transmission Limited	321.92%	(7,516.28)	(221.92)%	(5,435.44)	(60.43)%	(4,621.16)
Sterlite Investment Managers Limited	(3.94)%	91.91	-	-	-	-
Sterlite Power Grid Ventures Limited	723.32%	(16,888.32)	(515.73)%	(12,631.65)	(71.20)%	(5,444.84)
Sterlite Grid 1 Limited	(2.95)%	68.92	25.09%	614.61	(17.89)%	(1,368.31)
Sterlite Grid 2 Limited	(4.26)%	99.47	4.06%	99.36	2.80%	213.75
Sterlite Grid 3 Limited	0.00%	0.00	0.03%	0.69	0.03%	2.63
Sterlite Grid 4 Limited	0.00%	(0.06)	(0.01)%	(0.16)	0.00%	-
Sterlite Grid 5 Limited	0.01%	(0.14)	-	-	0.00%	-
East North Interconnection Company Limited	(89.77)%	2,095.93	104.03%	2,547.95	43.05%	3,291.95
Bhopal Dhule Transmission Company Limited	(179.17)%	4,183.35	208.52%	5,107.31	91.73%	7,014.93
Jabalpur Transmission Company Limited	(355.53)%	8,300.99	328.27%	8,040.18	112.34%	8,591.45
Purulia & Kharagpur Transmission Company Limited	(26.14)%	610.27	61.44%	1,504.86	(5.56)%	(425.29)
RAPP Transmission Company Limited	(13.44)%	313.91	32.25%	789.80	2.31%	176.46
NRSS XXIX transmission Limited	(248.01)%	5,790.68	95.42%	2,337.05	2.83%	216.05
Maheshwaram Transmission Limited	(21.87)%	510.72	(21.45)%	(525.28)	0.00%	-
Odisha Generation Phase-II Transmission Limited (OGPTL)	(90.11)%	2,103.93	-	-	0.00%	-
Gurgaon-Palwal Transmission Limited (GPTL)	50.07%	(1,168.99)	-	-	0.00%	-
Khargone Transmission Limited (KTL)	49.34%	(1,151.94)	-	-	0.00%	-
NER-II Transmission Limited	(9.46)%	220.83	-	-	0.00%	-
Total	**100%**	**(2,334.82)**	**100%**	**2,449.28**	**100%**	**7,647.62**

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NOTE 49 (B): ADDITIONAL INFORMATION RELATED TO SUBSIDIARIES

Name of entity	Share in profit or loss (31 March, 2017)		Share in profit or loss (31 March, 2016)	
	As % of consolidated net assets	(INR in millions)	As % of consolidated net assets	(INR in millions)
Sterlite Power Transmission Limited	14.60%	(526.96)	24.48%	(1,255.25)
Sterlite Investment Managers Limited	0.05%	(1.85)	-	-
Sterlite Power Grid Ventures Limited	55.30%	(1,996.29)	61.68%	(3,162.45)
Sterlite Grid 1 Limited	0.65%	(23.64)	3.86%	(198.16)
Sterlite Grid 2 Limited	0.01%	(0.48)	0.02%	(0.96)
Sterlite Grid 3 Limited	0.01%	(0.20)	0.13%	(6.55)
Sterlite Grid 4 Limited	0.11%	(3.91)	0.05%	(2.36)
Sterlite Grid 5 Limited	0.05%	(1.64)	-	-
East North Interconnection Company Limited	(1.34)%	48.24	4.43%	(227.10)
Bhopal Dhule Transmission Company Limited	(22.96)%	829.08	4.70%	(241.01)
Jabalpur Transmission Company Limited	62.25%	(2,247.29)	0.06%	(2.91)
Purulia & Kharagpur Transmission Company Limited	0.24%	(8.63)	0.01%	(0.36)
RAPP Transmission Company Limited	0.66%	(23.84)	0.56%	(28.96)
NRSS XXIX transmission Limited	(9.68)%	349.42	0.02%	(1.14)
Maheshwaram Transmission Limited	0.01%	(0.35)	0.00%	(0.15)
Odisha Generation Phase-II Transmission Limited (OGPTL)	0.02%	(0.58)	-	-
Gurgaon-Palwal Transmission Limited (GPTL)	0.02%	(0.58)	-	-
Khargone Transmission Limited (KTL)	0.02%	(0.58)	-	-
NER-II Transmission Limited	0.00%	(0.16)	-	-
Total	**100.00%**	**(3,610.23)**	**100.00%**	**(5,127.35)**

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NOTE 50 : SPECIFIED BANK NOTES

Following is the disclosure relating to details of Specified Bank Notes (SBN) held and transacted by the Group during the period from 8 November, 2016 to 30 December, 2016 in accordance with the amendment to Schedule III vide G.S.R. 308(E) dated 30 March, 2017 as issued by the Ministry of Corporate Affairs :

(Amount in INR)

Particulars	Specified Bank Notes	Other Denomination Notes	Total
Closing cash in hand on 08.11.2016	271,000	-	271,000
Add: Permited receipts	-	-	-
Less: Permited payments	-	-	-
Less: Amount deposited in banks	271,000	-	271,000
Closing cash in hand on 30.12.2016	-	-	-

NOTE 51: ENICL TRANSMISSION LINE RENDERED INOPERABLE DUE TO FLOOD

On 23 August, 2016, the Purnia – Biharsharif transmission line ('PB Line') of East-North Interconnection Company Limited ('ENICL') was rendered inoperable due to flooding in the Ganga river which damaged certain towers of the transmission line. The restoration work for the same is in progress. ENICL has claimed this event as a force majeure event under the Transmission Services Agreement ('TSA'). The Eastern Regional Power Committee ('ERPC') has accepted the event as force majeure and accordingly ENICL has received deemed availability certificates from ERPC which recognise the incident as force majeure. Further, ENICL has been receiving the transmission charges post the incident based on the availability certificates considering deemed availability of PB Line. Accordingly, ENICL has recognised tariff revenue from 23 August, 2016 till 31 March, 2017 of INR 394.52 million pertaining to the PB Line as per the TSA.

The carrying amounts of assets destroyed of INR 94.63 Million has been derecognised and charged to the statement of profit and loss. ENICL has a valid insurance policy which covers the reinstatement cost for the above loss and it has filed an insurance claim with the insurer. Pending final approval of claim by the insurers, an amount equivalent to the derecognised assets charged to the statement of profit and loss has been recognised as receivable from the insurer (refer note 9).

NOTE 52: RTCL MATTER ON TRANSMISSION CHARGES PENDING WITH APTEL

CERC vide its order dated September 21, 2016 ('Order') confirmed that RAPP Transmission Company Limited ('RTCL') was eligible to receive transmission charges from the scheduled commercial operation date i.e. 1 March, 2016 ('SCOD'). Since certain other infrastructure (i.e. bays) which was out of the scope of RTCL were not completed, the transmission line constructed by RTCL could not be put to use from the SCOD till completion of the bays i.e. 10 November, 2016. CERC in its Order directed the party responsible for completion of the bays and which defaulted in completing the bays on time to bear the transmission charges payable to RTCL from SCOD till 10 November, 2016. The aggrieved party has filed an appeal with Appellate Tribunal for Electricity ('APTEL') against the Order. The amount of transmission charges involved is INR 215.86 Million which have been recognised as revenue from transmission services in the consolidated Ind AS financial statements based on the Order. The management is contesting the appeal and it, including its legal advisors, believe that its position will be upheld in the appellate process.

NOTE 53 : DEMERGER OF POWER BUSINESS FROM STERLITE TECHNOLOGIES LIMITED

A. The Board of directors of the Sterlite Technologies Limited on 18 May 2015 approved the Scheme of Arrangement under Sections 391 – 394 of the Companies Act, 1956 ('the Scheme') between Sterlite Technologies Limited ('STL' or 'Demerged company'), Sterlite Power Transmission Limited ('SPTL' or 'Resulting company' or 'Company') & their respective shareholders & creditors for the demerger of power products and solutions business (including the investments of STL in power transmission infrastructure subsidiaries i.e. Sterlite Power Grid Ventures Limited and East North Interconnection Company Limited) into the Company with the appointed date of 1 April, 2015. The Scheme was approved by the Hon'ble Bombay High Court vide Order dated 22 April, 2016 and it became effective from 23 May, 2016 (being the date of filing with Registrar of Companies).

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The Company was incorporated on 5 May, 2015 with the object of carrying out business of power products and solutions under the name Sterlite Power Transmission Limited. As per the Scheme, power products and solutions business (including the investments of STL in power transmission infrastructure subsidiaries i.e. Sterlite Power Grid Ventures Limited and East North Interconnection Company Limited) has been transferred into the Company with the appointed date of 1 April, 2015.

B. The Scheme inter alia provided for issue by SPTL, at the option of the shareholder of STL, of either one equity share of face value of INR 2 or one redeemable preference share of face value of INR 2 issued at a premium of INR 110.30 per share for every 5 fully paid up equity shares of INR 2 each of the Demerged company & redeemable on expiry of eighteen months from the date of allotment at a premium of INR 123.55 per share for eligible members other than non residents. In case of non residents one equity share of face value of INR 2 for every 5 fully paid up equity shares of INR 2 each of the Demerged company and all such equity shares shall be purchased by the promoters of the Demerged Company and/or their affiliates or any other person and/or entity identified by them, in accordance with the scheme. The Company is in the process of finalizing the number of equity and preference shares to be issued based on the option availed by the shareholders of STL as on the record date i.e 16 June, 2016.

C. As per the option exercised by the shareholders of STL 61.18 million equity shares and 17.09 million redeemable preference shares were issued on 22 August, 2016.

D. Further, as per the Scheme, the investment of STL in SPTL of INR 0.05 crore has been cancelled w.e.f. 1 April, 2015.

E As per the Scheme, the following assets and liabilities pertaining to Power Business have been transferred from STL to SPTL w.e.f. 1 April, 2015:

Particulars	INR in millions*
ASSETS	
Non-current assets	
Property, plant & equipment	2,389.36
Capital work-in-progress	29.81
Other intangible assets	0.73
Investment in subsidiaries	11,981.08
Financial assets	
Loans	-
Other non-current financial assets	12.06
Other non-current assets	103.01
	14,516.05
Current assets	
Inventories	2,366.52
Financial assets	
Trade receivables	4,130.64
Cash and cash equivalents	5.10
Other bank balances	13.98
Other current financial assets	8.99
Other current assets	975.34
	7,500.57
TOTAL (A)	**22,016.62**
LIABLITIES	
Non-current liabilities	
Financial Liabilities	
Borrowings	5,624.30
Employee benefit obligations	22.75
Deferred tax liabilities (net)	57.50
	5,704.55

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Particulars	INR in millions*
Current liabilities	
Financial liablities	
Borrowings	8,389.39
Trade payables	596.95
Other financial liabilities	1,176.21
Other liabilities	476.82
Net employee defined benefit liabilities	14.12
	10,653.49
TOTAL (B)	**16,358.03**
Excess of book value of assets over the book value of liabilities (A - B)	**5,658.59**
Total consideration payable by the Company to equity share holders of STL	**8,880.92**
Goodwill	**3,223.09**

* These figures are as per Indian GAAP. For adjustments relating to transition to Ind AS as at 1 April, 2015, refer Note 54.

As per the Scheme, difference between total consideration payable by the Company to equity share holders of Sterlite Technologies Limited and excess of book value of assets over the book value of liabilities transferred from Sterlite Technologies Limited is recognised as Goodwill and amortised over a period of five years as required under the Scheme.

F As per the Scheme, the resulting company shall reimburse the demerged company for all liabilities incurred by the demerged company in so far as such liabilities relate to period prior to the appointed date i.e. 01 April, 2015 in respect of the demerged undertaking. The management does not expect any cash outflow in respect of the above.

NOTE 54: FIRST TIME ADOPTION OF IND AS

These consolidated financial statements, for the year ended 31 March, 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March, 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for period ending on 31 March, 2017, together with the comparative period data as at and for the year ended 31 March, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April, 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April, 2015 and the financial statements as at and for the year ended 31 March, 2016.

Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

- Freehold land has been measured at fair value at the date of transition to Ind AS being 1 April, 2015. The Group has elected to regard the fair value of land as deemed cost at the date of transition to Ind AS.

Estimates

The estimates at 1 April, 2015 and at 31 March, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1 April, 2015, the date of transition to Ind AS and as of 31 March, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and commodity future contracts, to hedge its foreign currency risks and commodity price risks, respectively. Under Indian GAAP, there is no mandatory standard that deals comprehensively with hedge accounting, which has resulted in the adoption of varying practices. The Group has designated various economic hedges and applied economic hedge accounting principles to avoid profit or loss mismatch. All the hedges designated under Indian GAAP are of types which qualify for hedge accounting in accordance with Ind AS 109 also. Moreover, the Group, before the date of transition to Ind AS, has designated a transaction as hedge and also meets all the conditions for hedge accounting in Ind AS 109. Consequently, the Group continues to apply hedge accounting after the date of transition to Ind AS.

Reconciliation of equity as at 1 April, 2015 (date of transition to Ind AS)

	Foot-notes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant & equipment	1	31,340.66	221.00	31,561.66
Capital work-in-progress		21,240.55	-	21,240.55
Goodwill	2	4,307.42	(632.00)	3,675.42
Other intangible assets		4.13	-	4.13
Intangible assets under development		0.57	-	0.57
Financial assets				
i. Loans		15.21	-	15.21
ii. Other financial assets	3	43.12	(6.20)	36.92
Other non-current assets	4	971.41	(238.15)	733.25
Deferred tax assets (net)	1,2,5,8	118.92	8.72	127.64
Total non current assest		**58,041.98**	**(646.63)**	**57,395.35**
Current assets				
Inventories		2,366.52	-	2,366.52
Financial assets				-
i. Investments	6	36.70	0.18	36.88
ii. Trade receivables	7	3,640.03	(9.70)	3,630.36
iii. Cash and cash equivalents		1,011.94	-	1,011.94
iv. Other bank balances		17.70	-	17.70
v. Other financial assets	8	338.49	0.71	339.20
Other current assets	4	1,056.94	(27.63)	1,029.31
Asset classified as held for sale associated assets		39.89	-	39.89
Total current assets		**8,508.22**	**(36.45)**	**8,471.80**
TOTAL ASSETS		**66,550.20**	**(683.07)**	**65,867.15**

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	Foot-notes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		-	-	-
Share Capital suspense account		8,880.92	-	8,880.92
Other equity				
i. Optionally Convertible Redeemable Preference Shares	5	4,090.98	(4,090.98)	-
ii. Securities premium	5	409.10	(409.10)	-
iii. Retained earnings	1,2,5,8	-	(704.49)	(704.51)
iv. Other reserves	8	-	(528.79)	(528.79)
Total Equity		**13,381.00**	**(5,733.36)**	**7,647.62**
Liabilties				
Non-current liabilities				
Financial liabilities				
i. Borrowings	4,5	39,573.14	4,483.77	44,056.92
Employee benefit obligations		32.45	-	32.45
Deferred tax liabilities (net)	1,2,5,8	57.51	11.85	69.36
Total non-current liabilities		**39,663.10**	**4,495.62**	**44,158.73**
Current liabilities				
Financial Liablities				
i. Borrowings	4	7,679.18	(32.41)	7,646.80
ii. Trade payables		602.97	-	602.97
iii. Other financial liabilities	8	3,631.53	587.08	4,218.61
Employee benefit obligations		23.43	-	23.43
Other current liabilities		1,568.99	-	1,568.99
Total current liabilities		**13,506.10**	**554.67**	**14,060.80**
TOTAL LIABILITIES		**66,550.20**	**(683.07)**	**65,867.14**

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Reconciliation of equity as at 31 March 2016 :

	Foot-notes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant & equipment	1	55,046.97	(54.87)	54,992.10
Capital work-in-progress	1	7,719.97	(0.06)	7,719.91
Goodwill	2	3,527.74	(587.42)	2,940.32
Other intangible assets		3.40	-	3.40
Intangible assets under development		1.78	-	1.78
Financial assets				
i. Loans		15.21	-	15.21
ii. Other financial assets	3	365.39	(321.96)	43.43
Other non-current assets	4	1,485.27	29.37	1,514.64
Deferred tax assets (net)	1,2,5,8	262.23	132.81	395.04
Total non current assest		**68,427.97**	**(802.13)**	**67,625.84**
Current assets				
Inventories		2,151.70	-	2,151.70
Financial assets				
i. Investments	6	836.00	1.25	837.25
ii. Loans		273.28	-	273.28
iii. Trade receivables	7	4,777.96	(7.12)	4,770.84
iv. Cash and cash equivalents		1,665.80	-	1,665.80
v. Other bank balances		144.65	-	144.65
vi. Other financial assets		715.94	-	715.94
Other current assets	4	981.09	(36.14)	944.95
Asset classified as held for sale associated assets		27.93	-	27.93
Total current assets		**11,574.33**	**(42.01)**	**11,532.32**
TOTAL ASSETS		**80,002.29**	**(844.14)**	**79,158.16**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		-	-	-
Share Capital suspense account		8,880.92	-	8,880.92
Other equity				
i. Optionally Convertible Redeemable Preference Shares	5	4,545.50	(4,545.53)	-
ii. Securities Premium	5	409.10	(409.10)	-
iii. Retained earnings	1,2,5,8	(2,156.90)	(3,671.69)	(5,828.59)
iv. Other reserves	8	-	(603.05)	(603.05)
Total Equity		**11,678.61**	**(9,229.37)**	**2,449.28**

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	Foot-notes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
Liabilties				
Non-current liabilities				
Financial liabilities				
i. Borrowings	5,4	45,410.13	7,709.36	53,119.47
Employee benefit obligations		32.71	-	32.71
Deferred tax liabilities (net)	1,2	57.53	(25.90)	31.63
Other non-current liabilities				-
Total non-current liabilities		**45,500.37**	**7,683.46**	**53,183.81**
Current liabilities				
Financial Liablities				
i. Borrowings	4	11,418.90	(24.99)	11,393.91
ii. Trade payables	9	2,737.53	(103.73)	2,633.79
iii. Other financial liabilities	8	7,066.27	830.50	7,896.77
Employee benefit obligations		40.13	-	40.13
Other current liabilities		1,560.48	-	1,560.48
Total current liabilities		**22,823.31**	**701.77**	**23,525.08**
TOTAL EQUITY AND LIABILITIES		**80,002.30**	**(844.14)**	**79,158.16**

Profit reconciliation for the year ended 31 March, 2016 :

	Foot-notes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
INCOME				
Revenue from operations	10	26,972.28	(26.45)	26,945.84
Less: Excise Duty	10	1,429.43	(1,429.43)	-
Other income	3	23.85	0.58	24.43
Total income (I)		**25,566.71**	**1,403.56**	**26,970.27**
EXPENSES				
Cost of raw material and components consumed		15,103.70	16.50	15,120.20
Purchase of traded goods and Subcontracting charges		332.89	-	332.89
(Increase) / decrease in inventories of finished goods				
work-in-progress and traded goods		126.95	-	126.95
Excise duty on sale of goods	10	-	1,429.43	1,429.43
Employee benefits expense	11	471.17	3.96	475.13
Other expenses	3	3,673.62	(49.39)	3,624.23
Total expenses (II)		**19,708.33**	**1,400.50**	**21,108.82**

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	Foot-notes	Amount as per Indian GAAP	Ind AS adjustments	Amount as per Ind AS
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		**5,858.38**	**3.06**	**5,861.44**
Depreciation and amortisation expense	1,2	2,635.04	81.86	2,716.90
Finance costs	5	5,523.69	3,140.80	8,664.49
Finance income	12	(88.84)	(1.46)	(90.31)
Loss before tax		**(2,211.51)**	**(3,218.13)**	**(5,429.64)**
Tax expense:				
Current tax		-	-	-
Less: MAT credit entitlement		-	-	-
Deferred tax		(143.32)	(158.97)	(302.29)
Income tax expense		(143.32)	(158.97)	(302.29)
Loss for the year		**(2,068.19)**	**(3,059.16)**	**(5,127.35)**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net movement on cash flow hedges	8	-	(605.48)	(605.48)
Income tax effect	8	-	2.42	2.42
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**-**	**(603.07)**	**(603.07)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement loss defined benefit plans	11	-	2.90	2.90
Income tax effect	11	-	0.37	0.37
		-	**3.27**	**3.27**
Other comprehensive income for the year		**-**	**(599.80)**	**(599.80)**
Total comprehensive income for the year		**(2,068.19)**	**(3,658.95)**	**(5,727.15)**

Footnotes to the reconciliation of equity as at 1 April, 2015 and 31 March, 2016 and profit or loss for the year ended 31 March, 2016:

1 **Property, plant and equipment**

The Group has elected to measure certain freehold lands at fair value of INR 329.27 million at the date of transition to Ind AS. Hence at the date of transition to Ind AS, an increase of INR 261.76 million (31 March, 2016: INR 261.76 million) was recognised in property, plant and equipment.

The Group had earlier capitalised certain preoperative expenses in building and plant & machinery. Hence, as at 1 April, 2015, gross block of INR 71.88 million (31 March, 2016: INR 71.88 million) was reduced from property, plant and equipment. Further, the accumulated depreciation of INR 15.57 million (31 March, 2016: INR 20.75 million) and depreciation charge of INR 5.19 million for the year ended 31 March, 2016 on such capitalised expenses was reversed.

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Under Indian GAAP, the Group had opted to capitalise the exchange difference arising on the long term foreign currency loan to property, plant and equipment in accordance with amendment dated 29 December, 2011 to AS-11, Effect of changes in foreign exchange rate. However, under Ind-AS, the Group has treated the exchange difference arising on restatement of foreign currency loan as a part of finance cost. Accordingly, amount of gain of INR 23.75 million (31 March, 2016: loss of INR 283.88 million) being foreign exchange difference on restatement of foreign currency loan has been adjusted to the cost of property plant and equipment with the corresponding effect in retained earnings (net of deferred tax) (Effect for 31 March, 2016 in the Statement of profit and loss).

2 **Goodwill**

Goodwill was generated as at 1 April, 2015 on account of excess consideration in the form of equity / preference shares issued over the book value of net assets transferred under the Scheme of demerger (refer Note 53). Under Ind AS, the Group has fair valued certain freehold lands (treated as deemed cost under first time adoption of Ind AS) and has also fair valued Optionally convertible redeemable preference shares ('OCRPS') issued by SPGVL (classified as liability measured at fair value through profit and loss). As a result, the Goodwill amount as at 1 April, 2015, to the extent of the difference in fair value and carrying values of freehold land and OCRPS of INR 49.59 million has been adjusted to opening retained earnings.

Further, the securities premium on OCRPS of INR 409.10 million considered as part of equity under Indian GAAP for elimination on consolidation has been classified as liability and to that extent there is an adjustment to the amount of goodwill recognised as at 1 April, 2015.

The goodwill amount as at 1 April, 2015 under Ind AS as allocated to the CGUs, to the extent exceeding the recoverable amounts of the respective CGUs, has been adjusted against retained earnings. The balance goodwill is being amortised over a period of five years from 1 April, 2015 as per Court Order. As a result of the adjustment to goodwill under Ind AS, the charge in respect of amortisation of goodwill is the statement of profit and loss for the year ended 31 March 2016 is lower by INR 44.58 million.

3 **Other non-current financial assets**

Interest free security deposits have been accounted for at amortised cost using market rates of interest. The difference between the nominal amount of deposits and the amortised cost as at the date of transition to Ind AS of INR 6.20 million (31 March, 2016: INR 5.94 million) has been classified as prepaid expenses under other non-current assets. Interest income on deposits is recognised on EIR basis disclosed under Finance income and the prepaid expense is amortised on a straight line basis over the period of deposit disclosed under Other expenses.

4 **Borrowings**

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised and charged to profit or loss over the period of the borrowings. Unamortised costs were disclosed under Other assets. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

5 **OCRPS**

Under Indian GAAP, paid up value of OCRPS was presented under share capital and corresponding securities premium was presented seperately under reserves and surplus. Under Ind AS, OCRPS have been classified as liability measured at fair value through profit and loss and presented under borrowings. On the date of transition to Ind AS, fair valuation loss of INR 255.13 million (31 March, 2016: loss of INR 2,782.89 million) has been recognised in respect of the OCRPS.

6 **Financial assets - Current Investments**

Under Indian GAAP, investment in mutual funds were measured at lower of cost and fair value. Under Ind AS, these are measured at fair value.

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7 Trade Receivables

During the year, Group has entered into certain foreign exchange forward contracts on account of hedging of certain receivables, therefore the MTM gain of such hedging contracts has been adjusted from the receivables, an amount of INR 9.70 millions on 1 April, 2015 and 7.30 millions on 31 March, 2016 has been adjusted from trade receivables

8 Other current financial assets / liabilities

The adjustments of INR 0.71 millions (31 March, 2016: Nil) in other current financial assets and INR 587.08 million (31 March, 2016: INR 830.50 million) in other current financial liabilities pertain to accounting for derivatives. The fair value of foreign exchange forward contracts and commodity future contract is recognised under Ind AS, and was not recognised under Indian GAAP. The contracts, which were designated as hedging instruments under Indian GAAP, have been designated as at the date of transition to Ind AS as hedging instrument in cash flow hedges of either expected future sales or purchases for which the Group has firm commitments or expected sales or purchases that are highly probable.

The corresponding adjustment has been recognised as a separate component of equity, in the cash flow hedge reserve. On the date of transition, cash flow hedge reserve was debited by INR 528.79 million (31 March, 2016: INR 603.05 million)

9 Trade payables and other current liabilities

For the purpose of Ind AS financial statements, certain amounts have been reclassified among trade payables, short term borrowings,other current financial liabilities and other current liabilities based on the requirements of Ind AS. There is no change in the measurement of such amounts under Ind AS as compared to Indian GAAP.

10 Revenue from operations

Under Indian GAAP, Revenue from operations was disclosed net of Excise duty on sales of INR 1,429.43 millions for the year ended 31 March, 2016. Under Ind AS, Revenue is shown gross of Excise duty and the amount of Excise duty is shown as expense in the Statement of Profit and Loss. Also, the adjustments related to MTM of INR 10.14 millions on 31 March, 2016 of certain commodity futures has been adjusted from sales on account of Derivative contracts. The Group had disclosed the rebate expenses on revenue from transmission charges under Other expenses in Indian GAAP. Under Ind AS, the amount of rebate of INR 36.58 million has been netted off with the revenue from transmission charges.

11 Employee benefits expense

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements (comprising of actuarial gains and losses and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the charge in respect of employee benefit cost has increased by INR 2.90 million due to recognition of the credit on remeasurements as above in other comprehensive income.

12 Finance income

Under Ind AS, Finance income has been shown separately. Under Indian GAAP, such income was disclosed under Other Income.

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13 **Other comprehensive income**

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

14 **Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

NOTE 55: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the group's operations. The group's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations. The group also holds FVTOCI investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The group's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the group's policy that no trading in derivatives for speculative purposes may be undertaken. The group reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the group are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. Management has overall responsibility for the establishment and oversight of the group's risk management framework. In performing its operating, investing and financing activities, the group is exposed to the Credit Risk, Liquidity Risk and Market risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March, 2017 and 31 March, 2016

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March, 2017.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and provisions.

The following assumption has been made in calculating the sensitivity analysis:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March, 2017 and 31 March, 2016.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate primarily relates to the Group's long term debt obligations with floating interest rates.

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The Group is exposed to the interest rate fluctuation in both domestic and foreign currency borrowing. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March, 2017, after taking into account the effect of interest rate swaps, approximately 23% of the Group's borrowings are at a fixed rate of interest (31 March, 2016: 16%, 1 April, 2015: Nil).

Further, 19 % of the Group's borrowings (31 March, 2016 : 14%, 1 April, 2015: 10%) are valued at fair value through profit and loss. The sensitivity with respect to changes in fair value assumptions has been given in Note 57.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of loans and borrowings affected. With all the other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(INR in million)

Particulars	Increase/ Decrease in Basis Point	Effect on profit before tax / pre-tax equity *
31 March, 2017		
Base Rate	+50	(233.46)
Base Rate	**-50**	233.46
31 March, 2016		
Base Rate	**+50**	(153.42)
Base Rate	-50	**153.42**

* Part of the interest costs pertaining to under construction projects get capitalised. The figures for sensitivity in the above table are before considering the capitalisation of interest costs.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (when revenue or expense is denominated in a foreign currency), foreign currency borrowings and payable for property, plant and equipment in foreign currency.

The Group has a policy to keep minimum forex exposure on the books that are likely to occur within a maximum 12-month period for hedges of forecasted sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Out of total foreign currency exposure the Group has hedged the exposure of 99.82% as at 31 March, 2017 and 95.20% as at 31 March, 2016.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Group's

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exposure to foreign currency changes for all other currencies is not material. With all the other variable held constant, the Group's profit before tax is affected through the impact on change of foreign currency rate as follows:

(INR in million)

Particulars			Increase/ Decrease in Basis Point	Effect on profit before tax / pre-tax equity *
March 31, 2017*	**+5%**	**0.00/114.73**	**5%**	**0.96/3.20**
	-5%	0.00/(114.73)	**-5%**	(0.96)/(3.20)
March 31, 2016	+5%	(7.08)/145.65	5%	-
	-5%	7.08/(145.65)	-5%	-

* Does not include sensitivity with respect to interest on borrowings associated with assets classified as held for sale. Refer note 11.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of aluminium and copper for manufacture of conductor and OPGW, power cables and therefore require a continuous supply of aluminium and copper. Due to the volatility of the price of aluminium and copper, the group enters into various purchase contracts for aluminium and copper on London Metal Exchange. The prices in these purchase contracts are linked to the price on London Metal Exchange.

The Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Based on a 1 month forecast of the required copper, and aluminium supply, the group hedges the purchase price using future commodity purchase contracts. The forecast is deemed to be highly probable.

Commodity price sensitivity

As per the Group's policy for commodity price hedging, all the commodity price exposures as on reporting dates are fully hedged. Thus, there are no open unhedged exposures on the reporting dates.

Equity price risk

The group's compulsorily convertible preference shares are susceptible to market price risk arising from uncertainties about future values of the investment securities. The group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the group's senior management on a regular basis. The group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed compulsorily convertible preference shares at fair value was INR 112.45 million (31 March, 2016: Nil, 1 April, 2015: Nil).

Sensitivity analysis of these investments have been provided in Note 57.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

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Trade receivables

Customer credit risk is managed by each business unit subject to the group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group is also engaged in transmission infrastructure development business under BOOM (Build, Own, Operate and Maintain) and currently derive its revenue primarily from BOOM contracts with long term transmission customers ('LTTC'). The Group being transmission licensee receives payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ('Pooling Regulations'). In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility ('CTU') from LTTC's are disbursed pro-rata to all Transmission Service Providers ('TSPs') from the pool in proportion of the respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular customer. If a particular customer delays or defaults, the delay or shortfall is prorated amongst all the TSPs. Based on past history of payments, payments due have always been paid and there have been no write-off's for due amounts. Due to the payment mechanism explained above as well as due to no history of any write-off's of payments which were due, the Group has not considered any expected credit loss on the financial assets in the nature of trade receivables of transmission business. During the various periods presented, there has been no change in the credit risk of trade receivables of transmission business. However, this assessment may need a review if there is any change in the Pooling Regulations.

Factoring

The group has entered into an arrangement with HDFC Bank for non recourse factoring pursuant to which the group has derecognised trade receivables of INR 1,275.51 Millions (31 March, 2016: INR 699.33 millions)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the group's treasury department in accordance with the group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. Based on this policy, the Group does not foresee any risk on account of credit losses, either in the bank deposits which are made with AAA rated banks and also in regard to mutual funds which is primarily debt oriented funds. No loss allowances have been provided for any trade receivables, or other receivables from financing activities like cash and bank deposits, mutual funds and other similar deposits. Also, there have been no modifications in contractual cash flows on financial assets.

The group's maximum exposure to credit risk for the components of the balance sheet at 31 March, 2017 and 31 March, 2016 is the carrying amounts of each class of financial assets except for financial guarantees and derivative financial instruments. The group's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note 45 and the liquidity table below:

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(c) Liquidity risk

Liquidity risk is the risk that the group may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The group's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The group requires funds both for short term operational needs as well as for long term investment programs mainly in growth projects. The group closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 60 - 90 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments:

(INR in million)

Particulars	Payable on demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
As at 31 March, 2017						
Borrowings	3,000.57	1,084.34	3,765.32	28,308.33	18,669.54	54,828.10
Other financial liabilities	8.04	1,517.24	4,345.05	-	-	5,870.33
Trade payables	-	3,855.22	-	-	-	3,855.22
Payables for Property, plant and equipment	-	-	4,602.55	205.96	-	4,808.52
Derivatives	-	-	408.18	-	-	408.18
	3,008.60	6,456.81	13,121.10	28,514.29	18,669.54	69,770.34
As at 31 March, 2016						
Borrowings	2,300.06	2,734.56	6,359.28	25,520.22	27,599.25	64,513.37
Other financial liabilities	1.47	2,339.02	2,125.23	-	-	4,465.74
Trade payables	-	2,633.79	-	-	-	2,633.79
Payables for Property, plant and equipment	-	-	2,495.43	-	-	2,495.44
Derivatives	-	-	935.62	-	-	935.63
	2,301.53	7,707.38	11,915.56	25,520.22	27,599.25	75,043.96
As at 1 April, 2015						
Borrowings	1,079.35	81.15	6,486.30	20,575.14	23,481.78	51,703.71
Other financial liabilities	1.75	86.96	2,116.60	-	-	2,205.32
Trade payables	-	602.97	-	-	-	602.97
Payables for Property, plant and equipment	-	-	1,426.23	-	-	1,426.23
Derivatives	-	-	587.07	-	-	587.07
	1,081.10	771.08	10,616.20	20,575.14	23,481.78	56,525.30

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NOTE 56: CAPITAL MANAGEMENT

For the purpose of the group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the group. The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The group's policy is to keep the gearing ratio optimum. The group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents excluding discontinued operations.

(INR in million)

Particulars	As at 31 March, 2017*	As at 31 March, 2016	As at 1 April, 2015
Interest Bearing Loans and borrowings	54,828.10	64,513.38	51,703.71
Trade Payables	3,855.22	2,633.79	602.97
Other Financial Liabilities	11,087.02	7,896.77	4,218.61
Less: cash and short-term deposits and current Investments	(2,237.96)	(2,647.69)	(1,066.52)
Net debt	**67,532.38**	**72,396.24**	**55,458.78**
Equity share capital	122.36	-	-
Share suspense account	-	8,880.92	8,880.92
Other equity	(2,457.19)	(6,431.64)	(1,233.30)
Total capital	**(2,334.82)**	**2,449.28**	**7,647.62**
Capital and net debt	**65,197.56**	**74,845.52**	**63,106.40**
Gearing ratio	103.58%	96.73%	87.88%

* Does not include liabilities associated with disposal group classified as held for sale. (refer note 11)

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March, 2017 and 31 March, 2016.

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NOTE 57: FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(INR in million)

Particulars	Carrying Value			Fair Value		
	31 March, 2017	31 March, 2016	1 April, 2015	31 March, 2017	31 March, 2016	1 April, 2015
Financial assets						
Investments	907.65	837.25	36.88	907.65	837.25	36.88
Derivative instruments	655.13	-	0.71	655.13	-	0.71
Total	**1,562.78**	**837.25**	**37.59**	**1,562.78**	**837.25**	**37.59**
Financial liabilities						
Optionally convertible redeemable preference shares	9,948.55	8,038.02	4,755.21	9,949	8,038	4,755
Derivative instruments	408.18	935.62	587.07	408.18	935.62	587.07
Total	**10,356.73**	**8,973.64**	**5,342.28**	**10,356.73**	**8,973.64**	**5,342.28**

The management assessed that cash and cash equivalents, trade receivables, trade payables, other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has further assessed that borrowings availed and loans given approximate their carrying amounts largely due to the interest rates being variable or in case of fixed rate borrowings/ loans, movements in interest rates from the recognition of such financial instrument till period end not being material.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted mutual funds are based on price quotations at the reporting date.
- The fair values of the unquoted equity instruments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The fair values of commodity futures contracts are based on price quotations on LME at the reporting date. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.
- The fair values of the Optionally Convertible Redeemable Preference shares (OCRPS) have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these OCRPS.

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The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March, 2017, 31 March, 2016 and 1 April, 2015 are as shown below:

Description of significant unobservable inputs to valuation:

A. Liability measured at fair value through profit and loss - (OCRPS)

Management has measured the fair value of Optionally Convertible Redeemable Preference Shares (OCRPS) taking into account the fair valuation of SPGVL.

- Valuation technique: DCF Method

(INR in million)

S.N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value 31 March, 2017	31 March, 2016	1 April, 2015
(i)	Cost of Equity	(i) Operational Projects - 31 March, 2017 - 11.70% to 13.78% 31 March, 2016 - 11.33% to 13.40% 1 April, 2015 - 10.25% to 13.75% (ii) New/under construction project - 31 March, 2017 - 13.76% to 14.48% 31 March, 2016 - 11.42% to 13.86% 1 April, 2015 - 15% to 20.75%	0.5% increase	(832.21)	(725.91)	(322.89)
		(iii) EPC Business 31 March, 2017 - 13.45% 31 March, 2016 - 12.71% 1 April, 2015 - 12.83%	0.5% decrease	917.06	803.30	354.84
(ii)	Cost of Debt	(i) Transmission Business 31 March, 2017 - 8.20% to 9.10% 31 March, 2016 - 8.20% to 9.10% 1 April, 2015 - 10.75% to 11.00%	0.5% increase	(877.68)	(554.71)	(321.61)
		(ii) EPC Business 31 March, 2017 - 9.35% 31 March, 2016 - 9.35% 1 April, 2015 - 9.35%	0.5% decrease	891.42	554.23	353.42

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for the year ended 31 March, 2017

S.N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value		
				31 March, 2017	31 March, 2016	1 April, 2015
(iii)	Incremental tariff expected to be approved by CERC in respect of cost overruns due to force majeure/ change in law (as % of non-escalable tariff)	Bhopal Dhule Transmission Company Limited 31 March, 2017 - 7% 31 March, 2016 - 7% 01 April, 2015 - 13.71% Jabalpur Transmission Company Limited 31 March, 2017 - Nil* 31 March, 2016 - 41% 01 April, 2015 - 22.75%	Increase by 5% (of non-escalable tariff)	230.44	358.37	390.05
			Decrease by 5% (of non-escalable tariff)	(230.28)	(358.37)	(387.46)
(iv)	Debt refinancing after completion of the project	Refer note below	10% increase	90.27	36.83	-
			10% decrease	(92.60)	(36.84)	-
(v)	Project cost	Refer note below	5% increase	(847.82)	(305.36)	(249.75)
			5% decrease	843.43	307.21	256.61

* CERC vide order dated 8 May, 2017 approved an incremental tariff of 9.89% which has been considered for calculation of fair value and hence the same has not been included for sensitivity analysis in the above table.

Note:

(INR in million)

Project	Debt Refinancing after completion of project			Project cost		
	31 March, 2017	31 March, 2016	1 April, 2015	31 March, 2017	31 March, 2016	1 April, 2015
Bhopal Dhule Transmission Company Limited	-	-	-	-	-	19,406.70
Jabalpur Transmission Company Limited	-	-	-	-	-	17,001.50
RAPP Transmission Company Limited	-	-	-	-	-	2,490.60
Purulia & Kharagpur Transmission Company Limited	-	-	-	-	4,065.20	4,065.20
NRSS XXIX Transmission Limited	5,000.00	5,000.00	-	25,000.00	25,000.00	25,000.00
Maheshwaram Transmission Limited	550.00	-	-	3,450.00	3,450.00	-
Khargone Transmission Limited	1,500.00	-	-	11,840.00	-	-
Odisha Generation Phase-II Power Transmission Limited	1,250.00	-	-	10,430.00	-	-
Gurgaon-Palwal Transmission Limited	-	-	-	8,820.00	-	-
NER-II Transmission Limited	5,000.00	-	-	18,190.00	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

B. FVTOCI assets - Unquoted equity instruments of Sharper Shape Group Inc.

Valuation technique: Discounted Cash Flow (DCF) method

S.N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value as of 31 March, 2017 #
(i)	Long-term growth rate for cash flows for subsequent years	31 March, 2017: 3%	2% increase 2% decrease	2% increase in the growth rate would result in increase in fair value by INR 8.39 Million and 2% decrease would result decrease in fair value by INR 6.86 millions
(ii)	Long-term operating margin	31 March, 2017: 10.48%	1% increase 1% decrease	1% increase would result in increase in fair value by INR 7.14 Million and 1% decrease would result decrease in fair value by INR 7.14 millions
(iii)	WACC (pre-tax)	31 March, 2017: 22.92%	1% increase 1% decrease	1% increase in the WACC would result in decrease in fair value by INR 10.13 million and 1% decrease in fair value would result in increase in fair value by INR 9.10 million
(iv)	Discount for lack of marketability	31 March 2017: 10%	5% increase 5% decrease	Increase in the discount by 5% would result in decrease in fair value by INR 6.26 million and decrease in dicount by 5% would result in increase in the fair value by INR 6.26 million

The investment in Sharper Shape Group Inc. was made in the current year, hence disclosures as of 31 March, 2016 and 1 April, 2015 have not been given.

NOTE 58: FAIR VALUES HIERACHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March, 2017; 31 March, 2016 and 1 April, 2015

(INR in million)

		Fair value measurement using		
	Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/(liabilities) measured at fair value through profit and loss				
Mutual fund investments				
As at 31 March, 2017	795.20	795.20	-	-
As at 31 March, 2016	837.25	837.25	-	-
As at 1 April, 2015	36.88	36.88	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(INR in million)

	Amount	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Optionally convertible redeemable preference shares				
As at 31 March, 2017	(9,948.55)	-	-	(9,948.55)
As at 31 March, 2016	(8,038.02)	-	-	(8,038.02)
As at 1 April, 2015	(4,755.21)	-	-	(4,755.21)
Derivative liabilities				
As at 31 March, 2017	-	-	-	-
As at 31 March, 2016	(186.22)	-	(186.22)	-
As at 1 April, 2015	(40.64)	-	(40.64)	-
Assets/(liabilities) measured at fair value through other comprehensive income				
Investment in equity instruments				
As at 31 March, 2017	112.45	-	-	112.45
As at 31 March, 2016	-	-	-	-
As at 1 April, 2015	-	-	-	-
Derivative assets				
As at 31 March, 2017	655.13	-	655.13	-
As at 31 March, 2016	-	-	-	-
As at 1 April, 2015	0.71	-	0.71	-
Derivative liabilities				
As at 31 March, 2017	(408.18)	-	(408.18)	-
As at 31 March, 2016	(749.40)	-	(749.40)	-
As at 1 April, 2015	(546.43)	-	(546.43)	-

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

NOTE 59: RELATED PARTY DISCLOSURES

(A) Name of related party and nature of its relationship:

(a) Related parties where control exists

Holding Companies

Twin Star Overseas Limited, Mauritius (Immediate holding company)

Volcan Investments Limited, Bahamas (Ultimate holding company)

(b) Other related parties under IND AS-24 "Related party disclosures" with whom transactions have taken place during the year

(i) Key Management Personnel (KMP)

Mr. Pravin Agarwal (Director)

Mr. Pratik Agarwal (CEO & Managing Director)

Mr. Arun Todarwal (Non executive & Independent Director)

Ms. Avaantika Kakkar (Non executive & Independent Director)

Mr. Lalit Tondon (Non executive & Independent Director)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(ii) Relatives of Key Management Personnel (RKMP)

Mr. Navin Agarwal

Mr. Ankit Agarwal

(iii) Fellow subsidiaries

Vedanta Limited

Fujairah Gold FZE

Bharat Aluminium Company Limited

Hindustan Zinc Limited

Twinstar Technologies Limited

Sterlite Technologies Limited

Sterlite Power Technologies Private Limited

Maharashtra Transmission Communication Infrastructure Limited

(iv) Entity exercising significant influence (EKMP)

Standard Chartered Financial Holdings, Mauritius

Standard Chartered Private Equity Korea II Holdings Ltd

(c) Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

(i) Key Management Personnel (KMP)

Mr. Harsh Shah (Chief Financial Officer) with effect from 1 June, 2016

Mr. Swapnil Patil (Company Secretary) with effect from 1 June, 2016 till 29 May, 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(B) The transactions with related parties during the year and their outstanding balances are as follows:

(INR in million)

S. No.	Particulars	EKMP			Holding Company			KMP			Fellow subsidiaries			RKMP		
	Transactions	**2016-17**	**2015-16**		**2016-17**	**2015-16**		**2016-17**	**2015-16**		**2016-17**	**2015-16**		**2016-17**	**2015-16**	
1	Purchase of Equity Shares of Sterlite Infraventures Limited	-	-		-	-	-	-	-		2.00	-		-	-	
2	Issue of Optionally Convertible Redeemable Preference Shares (OCRPS) (including premium)	-	500.00		-	-	-	-	-		-	-		-	-	
3	Loans and advances given##	-	-		-	-	-	-	-		162.50	-		-	-	
4	Repayment of advances	-	-		-	-	-	-	-		273.28	-		-	-	
5	Purchase of goods	-	-		-	-	-	-	-		8,466.92	8,403.79		-	-	
6	Sale of services	-	-		-	-	-	-	-		128.94	65.71		-	-	
7	Sale of goods	-	-		-	-	-	-	-		197.59	414.14		-	-	
8	Interest paid	-	-		-	-	-	-	-		-	18.00		-	-	
9	Interest income	-	-		-	-	-	-	-		4.46	-		-	-	
11	ESOP expenses paid	-	-		-	-	-	-	-		7.44	33.70		-	-	
12	Management fees paid	-	-		-	-	-	-	-		-	286.20		-	-	
13	Reimbursement of expenses	-	-		-	-	-	-	-		-	80.20		-	-	
14	Purchase of power	-	-		-	-	-	-	-		21.80	19.16		-	-	
15	Remuneration	-	-		-	-	-	26.74	-		-	-		-	-	
16	Sitting fees	-	-		-	-	-	1.08	-		-	-		-	-	
16	Issue of equity share capital	-	-		4,904.19	-	-	-	-		107.01	-		21.89	-	
	Outstanding Balances	**31 March 2017**	**31 March 2016**	**01 April, 2015**	**31 March 2017**	**31 March 2016**	**01 April, 2015**	**31 March 2017**	**31 March 2016**	**01 April, 2015**	**31 March 2017**	**31 March 2016**	**01 April, 2015**	**31 March 2017**	**31 March 2016**	**01 April, 2015**
1	Advance outstanding against supplies	-	-	-	-	-	-	-	-	-	-	-	17.85	-	-	-
2	Loans/advance receivables##	-	-	-	-	-	-	-	-	-	208.68	288.49	15.21	-	-	-
3	Trade receivables	-	-	-	-	-	-	-	-	-	-	286.30	91.18	-	-	-
4	Trade payables	-	-	-	-	-	-	-	-	-	152.29	336.33	72.11	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(C) Disclosure in respect of material related party transaction during the year:

	Particulars	Relationship	31 March, 2017	31 March, 2016
1	**Purchase of Equity Shares of Sterlite Investment Limited (erstwhile known as Sterlite Infraventures Limited)** Vedanta Limited	Fellow subsidiary	2.00	-
2	**Issue of Optionally Convertible Redeemable Preference Shares (OCRPS) (including premium)** Standard Chartered Private Equity Korea II Holdings Ltd	EKMP	-	500.00
3	**Loans and advances given ##** Sterlite Power Technologies Private Limited	Fellow subsidiary	162.50	-
4	**Repayment of advance**			
	Sterlite Technologies Limited	Fellow subsidiary	193.17	-
	Twinstar Display Technologies Limited	Fellow subsidiary	80.11	-
5	**Purchase of goods**			
	Vedanta Limited	Fellow subsidiary	7,708.67	7,179.94
	Bharat Aluminium Company Limited	Fellow subsidiary	432.89	1,047.75
	Hindustan Zinc Limited	Fellow subsidiary	124.27	79.30
	Sterlite Technologies Limited	Fellow subsidiary	201.08	96.80
6	**Sale of services**			
	Vedanta Limited	Fellow subsidiary	128.94	65.71
7	**Sale of goods**			
	Maharashtra Transmission Communication Infrastructure Limited	Fellow subsidiary	117.53	331.21
	Vedanta Limited	Fellow subsidiary	0.07	74.45
	Hindustan Zinc Limited	Fellow subsidiary	79.99	8.48
8	**Interest paid**			
	Vedanta Limited	Fellow subsidiary	-	180.00
9	**Interest income**			
	Sterlite Power Technologies Private Limited	Fellow subsidiary	4.46	-
10	**ESOP expenses paid**			
	Sterlite Technologies Limited	Fellow subsidiary	7.44	33.70
11	**Management fees paid**			
	Sterlite Technologies Limited	Fellow subsidiary	-	286.20
12	**Reimbursement of expenses**			
	Twin Star Technologies Limited	Fellow subsidiary	-	80.20
13	**Purchase of power**			
	Vedanta Limited	Fellow subsidiary	21.80	19.16
14	**Remuneration**			
	Mr. Harsh Shah	KMP	6.95	-
	Mr. Swapnil Patil	KMP	0.56	-
	Mr. Pratik Agarwal	KMP	19.23	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

	Particulars	Relationship	31 March, 2017	31 March, 2016
15	**Sitting fees**			
	Mr. Arun Todarwal	KMP	0.45	-
	Ms. Avaantika Kakkar	KMP	0.36	-
	Mr. Lalit Tondon	KMP	0.26	-
16	**Issue of equity share capital***			
	Twin Star Overseas Limited, Mauritius	Immediate Holding company	4,904.19	-
	Vedanta Limited	Fellow subsidiary	107.01	-

* The above shares were issued as a result of demerger from Sterlite Technologies Limited. Refer note 45

(D) Compensation of Key mangement personnel of the company:

Particulars		
Short term employee benefits	19.79	-
Post employment benefits#	-	-
Share based payment transaction	-	-

As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Key Management Personnel are not included above. Key Management Personnel are not included above.

Includes expenses incurred and recoverable.

Note

All the related party transactions disclosed above have been shown at their nominal values without giving effect to the impact of reclassification into equity and liability and adjustment arising on account of effective interest rate method under Ind AS.

NOTE 60: SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

- Power product and solutions
- Power Transmission Grid Business

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Transfer prices between operating segments are mutually agreed between the segments taking into account the market prices and other relevant factors.

(INR in million)

Particulars	31 March, 2017				
	Power product and solutions	Power transmission grid	Unallocable	Eliminations	Total
Segment revenue (Gross)					
External Customer	19,189.60	7,522.29	-	-	26,711.89
Inter-segment	3,885.03	-	-	(3,885.03)	-
Total Revenue	**23,074.63**	**7,522.29**	**-**	**(3,885.03)**	**26,711.89**
Segment results (PBIT)	**1,112.17**	**3,187.85**	**(2.09)**	**(14.70)**	**4,283.23**
Less: Finance cost (net)	1,695.19	6,133.99	5.23	(61.95)	7,772.46

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(INR in million)

Particulars	31 March, 2017				
	Power product and solutions	Power transmission grid	Unallocable	Eliminations	Total
Loss before tax	**(583.02)**	**(2,946.14)**	**(7.32)**	**47.25**	**(3,489.24)**
Less: Tax expense	(182.11)	140.37	(1.71)		(43.45)
Loss for the year	**(400.91)**	**(3,086.51)**	**(5.61)**	**47.25**	**(3,445.79)**
Segment assets	11,588.56	82,465.64		(1,523.56)	92,530.63
Common assets	-		2,624.06		2,624.06
Total assets	**11,588.56**	**82,465.64**	**2,624.06**	**(1,523.56)**	**95,154.69**
Segment liabilities	20,480.85	78,159.53	-	(1,221.89)	97,418.49
Common liabilities	-	-	73.05	-	73.05
Total liabilities	**20,480.85**	**78,159.53**	**73.05**	**(1,221.89)**	**97,491.54**
Additions to non-current assets*	585.49	17,323.55	-	-	**17,909.03**
Depreciation and Amortization	1,047.74	2,054.35	-	(6.27)	**3,095.82**
Goodwill Impairment	-	357.23	-	-	**357.23**
Impairment of other non current assets	-	912.49	-	-	**912.49**

* Non-current assets for this purpose consist of property, plant and equipment, capital work in progress and intangible assets.

(INR in million)

Particulars	31 March, 2016				
	Power product and solutions	Power transmission grid	Unallocable	Eliminations	Total
Segment revenue					
External Customer	22,007.24	4,938.60	-	-	26,945.84
Inter-segment	3,092.94			(3,092.94)	-
Total Revenue	**25,100.17**	**4,938.60**	**-**	**(3,092.94)**	**26,945.84**
Segment results (PBIT)	802.62	2,758.64	-	(281.62)	3,279.64
Less: Finance cost (net)	1,723.54	6,893.24	-	(42.60)	8,574.18
Loss before tax	**(920.92)**	**(4,134.61)**	**-**	**(239.02)**	**(5,294.55)**
Less: Tax expense	-	(262.51)	-	-	(262.51)
Loss for the year	(920.92)	(3,872.10)	-	(239.02)	(5,032.04)
Segment assets	**11,805.89**	**65,447.36**		**(712.79)**	**76,540.46**
Common assets	-	-	2,617.69	-	2,617.69
Total assets	**11,805.89**	**65,447.36**	**2,617.69**	**(712.79)**	**79,158.15**
Segment liabilities	19,399.95	57,797.07	-	(519.81)	76,677.21
Common liabilities	-	-	31.62	-	31.62
Total liabilities	**19,399.95**	**57,797.07**	**31.62**	**(519.81)**	**76,708.83**
Additions to non-current assets*	179.28	11,831.11		-	12,010.39
Depreciation and Amortization	944.39	1,640.84		(3.41)	2,581.82
Goodwill Impairment		-	-	-	-
Impairment of other non current assets	0.47		-	-	0.47

* Non-current assets for this purpose consist of property, plant and equipment, capital work in progress and intangible assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

(INR in million)

Particulars	As at 1 April, 2015				
	Power product and solutions	Power transmission grid	Unallocable	Eliminations	Total
Segment assets	10,231.06	53,679.51	-	(1,128.90)	62,781.67
Common assets	-	-	3,085.49		3,085.49
Total assets	**10,231.06**	**53,679.51**	**3,085.49**	**(1,128.90)**	**65,867.16**
Segment liabilities	16,814.52	42,386.54	-	(1,050.89)	58,150.17
Common liabilities	-	-	69.36	-	69.36
Total liabilities	**16,814.52**	**42,386.54**	**69.36**	**(1,050.89)**	**58,219.53**

Geographical Information

(INR in million)

Particulars	31 March, 2017	31 March, 2016
(1) Segment revenue - external turnover		
- Within India	23,389.98	20,470.27
- Outside India#	3,321.91	6,475.57
Total	**26,711.89**	**26,945.84**
The revenue information above is based on the locations of the customers		
(2) Non-current assets*		
- Within India	42,389.98	65,657.51
- Outside India	-	-
Total	**42,389.98**	**65,657.51**

* Non-current assets for this purpose consist of property, plant and equipment, capital work in progress and intangible assets.

Segment revenue from outside India pertains only to Power product and solutions segment.

Information about major customers

For Power product and solutions segment, there one customer in respect of which the revenues recognised during the year was INR 7,919.8 million (31 March, 2016: INR 5,733.60 million).

For Power trsnamission grid segment, under Point of Connection (PoC) mechanism, Power Grid Corporation of India Limited ('PGCIL') is designated as central transmission utility with the responsibility for billing and collecting of usage charges from Inter-State Transmission Services (ISTS) users. Hence the entire amount of revenue from power transmission and the corresponding trade receivables pertain to PGCIL.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March, 2017

NOTE 61: DISCLOSURE REQUIRED UNDER SECTION 186 (4) OF THE COMPANIES ACT 2013

Included in loans and advances are certain loans the particulars of which are disclosed below as required by Sec 186 (4) of Companies Act, 2013

(INR in million)

Name of the loanee	Rate of Interest	Due date	Secured / Unsecured	31 March, 2017	31 March, 2016	Purpose
Sterlite Power Technologies Private Limited	8.50-9.00%	Repayable on demand	Unsecured	162.50	-	The loan has been utilised by the Company for working capital requirement

For details of investments, refer note 6. For details of guarantees given, refer note 51.

As per our report of even date

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

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

Per Paul Alvares
Partner
Membership Number : 105754

Pravin Agarwal
Director
DIN : 00022096

Pratik Agarwal
CEO & Managing Director
DIN : 03040062

Place: London
Date: 29 May, 2017

Harsh Shah
Chief Financial Officer

Ashok Ganesan
Company Secretary

Place: New Delhi
Date: 29 May, 2017

GLOSSARY

ACSR	Aluminium Conductor Steel Reinforced
AUM	Asset Under Management
Availability	The percentage amount of time for which the asset is available for power flow
BDTCL	Bhopal Dhule Transmission Company Limited
bn	Billion
BOOM	Build Own Operate & Maintain
BRICS	Brazil Russia India China & South Africa
CAD	Current Account Deficit
CAGR	Compounded Annual Growth Rate
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
ckms	Circuit Kilometers
COD/CoD	Commercial Operation Date
CY	Calendar Year
D/C	Double Circuit
Discom	Distribution Company
EHV	Extra High Voltage
ENICL	East North Interconnection Company Limited
EPC	Engineering Procurement & Construction
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce & Industry
FY	Financial Year
GIS	Gas Insulated Substation
GoI	Government of India
GPTL	Gurgaon Palwal Transmission Limited
GST	Goods & Services Tax
GW	Giga Watt
HPC	High Performance Conductors
HTLS	High Tension Low Sag
HVDC	High Voltage Direct Current
IndiGrid	India Grid Trust
INR	Indian National Rupee
InvIT	Infrastructure Investment Trust
ISTS	Inter State Transmission System
JTCL	Jabalpur Transmission Company Limited
KTL	Khargone Transmission Limited
kV	kilo Volt
kWh	kilo Watt hour
LIDAR	Light Detection and Ranging
mn	Million
MNC	Multinational Company
MoP	Ministry of Power
MP	Madhya Pradesh

GLOSSARY

MPPTCL	Madhya Pradesh Power Transmission Company Limited
MSETCL	Maharashtra State Electricity Transmission Company Limited
MTCIL	Maharashtra Transmission Communication Infrastructure Limited
MTL	Maheshwaram Transmission Limited
MVA	Mega Volt Ampere
MW	Mega Watt
NCDs	Non Convertible Debentures
NER-II	North Eastern Region - II
NRSS	Northern Region System Strengthening
O&M	Operation & Maintenance
OGPTL	Odisha Generation Phase II Transmission Limited
OPGW	Optical Ground Wire
PAT	Profit After Tax
PGCIL	Power Grid Corporation of India Limited
PKTCL	Purulia & Kharagpur Transmission Company Limited
ROW	Right of Way
RTCL	RAPP Transmission Company Limited
S/C	Single Circuit
SCOD/ Scheduled COD	Scheduled Commercial Operation Date defined as per Schedule 3 of TSA
SEBI	Securities & Exchange Board of India
SGL	Sterlite Grid Limited
SGL 1	Sterlite Grid 1 Limited
SGL 2	Sterlite Grid 2 Limited
SGL 3	Sterlite Grid 3 Limited
SPGVL	Sterlite Power Grid Ventures Limited
SPTL	Sterlite Power Transmission Limited
SPV	Special Purpose Vehicle
STL	Sterlite Technologies Limited
T&D	Transmission & Distribution
Tariff	Composed of non-escalable, escalable and incentive component. The incentive component is based on the availability of the asset = 2*(Annual Availability - 98%)*(non-escalable and escalable tariff)
TBCB	Tariff Based Competitive Bidding
tn	Trillion
TSA	Transmission Services Agreement
TSTRANSCO	Transmission Corporation of Telangana Limited
UAV	Unmanned Aerial Vehicle
UDAY	Ujwal DISCOM Assurance Yojana
UP	Uttar Pradesh
USD	US Dollar
YoY	Year on Year
YTD	Year Till Date

CORPORATE INFORMATION

Board of Directors

Mr. Pravin Agarwal, Chairman
Mr. Pratik Agarwal, Managing Director & CEO
Dr. Anand Agarwal
Mr. Lalit Tandon
Ms. Avaantika Kakkar
Mr. Arun Todarwal

Chief Financial Officer

Mr. Harsh Shah

Company Secretary

Mr. Ashok Ganesan

Committee Information

Audit Committee
Mr. Arun Todarwal (Chairman)
Mr. Pravin Agarwal (Member)
Mr. Lalit Narayan Tandon (Member)

Nomination and Remuneration Committee
Mr. Arun Todarwal (Chairman)
Ms. Avaantika Kakkar (Member)
Mr. Lalit Narayan Tandon (Member)

Stakeholders Relationship Committee
Ms. Avaantika Kakkar (Chairperson)
Mr. Pravin Agarwal (Member)
Mr. Lalit Narayan Tandon (Member)

Banking and Authorization Committee
Mr. Pravin Agarwal (Chairman)
Dr. Anand Agarwal (Member)
Mr. Pratik Agarwal (Member)

Allotment Committee
Mr. Arun Todarwal (Chairman)
Mr. Pravin Agarwal (Member)
Mr. Pratik Agarwal (Member)

Registered Office

4th Floor, Godrej Millennium, 9 Koregaon Road,
Pune – 411001, Maharashtra

Corporate Office

F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar,
Mathura Road, New Delhi - 110065.
Phone: 011-49962215 **Fax**: 011-49962288,
Email: secretarial.grid@sterlite.com
Website: www.sterlitepower.com
CIN: U74120PN2015PLC156643

Registrar

KARVY COMPUTERSHARE PRIVATE LIMITED
Unit: Sterlite Power Transmission Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District Nanakramguda,
Serilingampally, Hyderabad – 500 008
Tel: 040-33211500

Banks and Financial Institutions

ICICI Bank Limited
Yes Bank Limited
The Federal Bank Limited
HDFC Bank Limited
Export-Import Bank of India
Societe Generale
Axis Bank Limited
IDBI Bank Limited
Indusind Bank Limited
Bank of Baroda
State Bank of India
Corporation Bank
Union Bank of India
Bank of Maharashtra
Deutsche Bank Limited
RBL Bank Limited
Aditya Birla Finance Limited

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