

# Directors' Report

To,  
The Members,  
**Sterlite Power Transmission Limited**

Your Directors' are pleased to present their 6<sup>th</sup> Annual Report for the Financial Year 2020-21 (FY21), together with the audited financial statements of the Company for the year ended March 31, 2021.

## FINANCIAL SUMMARY/HIGHLIGHTS

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

(₹ in million)

Summary of Key Financial Parameters Description	Standalone		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue from operations	29,338.52	26,754.23	20,923.91	30,043.19
EBITDA	5,895.25	1,297.71	17,932.15	24,056.28
Less: Finance cost (net of finance income)	2,886.24	4,688.20	5,356.68	7,348.37
Less: Depreciation/Amortization/Impairment Expense	425.48	1,067.58	988.15	2,421.31
Share of Profit of Associate	-	-	5.75	8.74
Exceptional item	-	(925.87)	-	(925.87)
Profit/(Loss) Before Tax (PBT)	2,583.53	(5,383.93)	11,593.07	13,369.47
Less: Tax expense	(1,045.71)	(206.81)	2,895.33	3,952.86
Profit/(Loss) After Tax (PAT) (A)	3,629.24	(5,177.12)	8,697.74	9,416.61
Other Comprehensive Income/(loss) (OCI) (B)	(2,774.18)	(5,156.94)	1,521.37	(4,912.40)
<b>Total Comprehensive Income/(loss) (A+B)</b>	<b>855.06</b>	<b>(10,334.06)</b>	<b>10,219.11</b>	<b>4,504.21</b>

## PERFORMANCE

### Standalone

FY21 closed with Revenues of ₹ 29,338.52 Million, EBITDA of ₹ 5,895.25 Million, PAT of ₹ 3,629.24 Million.

### Consolidated

FY21 closed with Revenues of ₹ 20,923.91 Million, EBITDA of ₹ 17,932.15 Million, PAT of ₹ 8,697.74 Million.

## OPERATIONS

Highlights of your Company's operations and state of affairs for the FY21, including the Management Discussion and Analysis Report, capturing your Company's performance, industry trends and other material changes with respect to your Company's and its subsidiaries, wherever applicable, forms part of this Annual Report.

## CHANGE IN NATURE OF BUSINESS, IF ANY

There is no change in the nature of business of the company during the year.

## IMPACT OF COVID-19

Since late 2019, the outbreak of COVID-19 has resulted in a global health crisis and triggered a global economic downturn and contraction. The various restrictive measures implemented by the Government of India caused a slowdown in economic growth during much of Fiscal 2021. The Company's plants and offices in India ceased operations from March 25, 2020 to mid-April 2020, while the Company continued to incur fixed and semi-variable costs during that period. COVID-19 also made it more difficult for players in

the industry (including our third-party contractors) to recruit labour. The Company faced situation of work stoppage at the transmission line, restriction in movement of goods, delay in permits and approvals. The government also postponed or delayed their tenders for power transmission projects, including construction projects and upgrade/uprate projects. As a result, the revenue from the Solutions business and revenue from concession assets for Fiscal 2021 were adversely impacted.

However, as electricity is considered as an essential commodity by the Government of India, the operations of the Company relating to manufacturing and supply of components for generation and supply of electricity and other transmissions construction sites resumed in a phased manner since then. In assessing the liquidity position for the next one year and recoverability of Group's assets such as investments, loans, property, plant and equipment, trade receivables, inventory etc. the Company considered internal and external information up to the date of approval of the Historical Audited Consolidated Financial Statements for the year ended March 31, 2021. The Reserve Bank of India also granted relief to borrowers by way of moratorium of interest and principal instalments falling due to banks and financial institution till August 2020 and the same was availed by the Company.

Based on assessment performed by the management, the availability of labour force and supply chain for majority of the purchase requirements is evaluated to be less effected. Management believes that it has taken all the possible

impact of known events arising from COVID-19 pandemic in the preparation of the Historical Audited Consolidated Financial Statements for the year ended March 31, 2021. Basis above, the management has estimated its future cash flows for the Company which indicates no major change in the financial performance as estimated prior to COVID-19 impact.

Currently, all of the facilities of the Company are operating and the Company is proceeding with the construction of power transmission projects according to schedule but if the COVID-19 pandemic continues or worsens, Company could be required to implement restrictive measures at the facilities or some of the projects could be delayed, which could have a deleterious effect on the business and results of operations.

Further, Company has also taken various steps on the employee safety carried out at the projects and plant sites and various offices of the Company. The Company also took initiatives to have its maximum employees/workers vaccinated and also to help out the families of the employees/workers who lost their lives to COVID-19.

## DIVIDEND

The Board of Directors of your Company, through its resolution dated May 10, 2021, declared an interim dividend of 265% per Equity Share, being ₹ 5.30 per share for the FY21, aggregating up to approximately ₹ 324.26 Million to be paid out of the profits of the Company for the FY21. The dividend was paid to those shareholders of the Company whose names appeared on the Register of Members as on the record date being May 20, 2021, except those Equity Shares in respect of which the Shareholders have waived or forgone their right to receive the interim dividend for the FY21, in accordance with the Articles of Association of the Company.

Further, the Board of Directors do not recommend final dividend for the FY21. Therefore, the Interim Dividend paid during the year under review would become the final dividend for the FY21 and accordingly, the same is also being placed before the shareholders at the ensuing Annual General Meeting for the confirmation/approval of the shareholders.

## KEY EVENTS DURING FY21

### (i) Merger of Sterlite Power Grid Ventures Limited-wholly owned subsidiary, with the Company

The Company entered into a scheme of amalgamation with Sterlite Power Grid Ventures Limited (“SPGVL”)- wholly owned subsidiary, and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, which was sanctioned by the National Company Law Tribunal (“NCLT”), Mumbai Bench by way of its order dated May 22, 2020 (the “Merger Scheme”). The Merger Scheme provided for, amongst other things, the amalgamation and vesting of the assets, liabilities and entire business of SPGVL, with the Company, on a going concern basis. The order of NCLT was filed with the Registrar of Companies, Pune and the Merger Scheme became effective from November 15, 2020. Further, pursuant to the order of NCLT, the Company had altered its main objects to include the main objects of SPGVL.

### (ii) Merger of Sterlite Grid 4 Limited-wholly owned subsidiary, with the Company

The Company and Sterlite Grid 4 Limited (“SGL4”)-another wholly owned subsidiary, have filed an application in March, 2021 before the National Company Law Tribunal, Mumbai Bench praying for, amongst other things, the sanction of a scheme of amalgamation between the Company and SGL4 under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“SGL4 Merger Scheme”). The Board of Directors had approved the SGL4 Merger Scheme by way of its resolution dated March 22, 2021. The SGL4 Merger Scheme provides for the transfer and vesting of the assets, liabilities, and entire business of SGL4, on a going concern basis with the Company. The SGL4 Merger Scheme is not effective as on the date of this Report.

### (iii) Disinvestment in Gurgaon-Palwal Transmission Limited, NER II Transmission Limited and East-North Interconnection Company Limited

Sterlite Power entered into a marquee deal with India Grid Trust for sale of its commissioned projects thereby transferring Gurgaon-Palwal Transmission Limited (“GPTL”) and NER II Transmission Limited (“NER II”) to India Grid Trust.

With the above disinvestment of 49% of the issued, subscribed and paid-up share capital (with 100% economic ownership) of GPTL and NER II, GPTL and NER II ceased to be the subsidiaries of the Company w.e.f. August 31, 2020 and March 26, 2021 respectively.

Also, during the year under report, the Company along with Sterlite Power Grid Ventures Limited (*now merged with the Company*) completed transfer of remaining 51 % of stake in East-North Interconnection Company Limited to India Grid Trust on May 26, 2020.

### (iv) Status of holding units in India Grid Trust

Your Company is one of the two Sponsors of India Grid Trust and holds Units in it. The Company has sold some of its Units and has also subscribed to a Rights Issue. The following tables depict the detailed information:

#### Transactions during the year under review:

Particulars	Number of Units held	Percentage shareholding
<b>Opening balance as on March 31, 2020</b>	<b>87,548,026</b>	<b>15.00</b>
Issued during the year under review	0	Not applicable
Sold during the year under review	85,507,569	14.65
<b>Closing balance as on March 31, 2021</b>	<b>2,040,457</b>	<b>0.35</b>

#### Transactions after March 31, 2021 till the date of this report are as under:

Particulars	Number of Units held	Percentage shareholding
<b>Opening balance as on March 31, 2021</b>	<b>2,040,457</b>	<b>0.35</b>
Rights Issue allotment on April 22, 2021	406,539	0.35
<b>Total</b>	<b>2,446,996</b>	<b>0.35</b>
Sold till date	761,875	0.11
<b>Closing balance as on date</b>	<b>16,85,121</b>	<b>0.24</b>

**(v) Introduction of AMP Capital as investment partners**

During the year under review, the Company entered into a framework agreement, with AMP Capital (“AMP Capital Framework Agreement”) for the development of four of the ongoing power transmission projects of the Company in India. Pursuant to the AMP Capital Framework Agreement read with the investment agreements, executed inter-alia between the Company, AMP Capital and the project special purpose vehicles (“AMP Capital Investment Agreements”), the Company and AMP Capital had agreed to invest in the said four projects being Sterlite Grid 13 Limited, Sterlite Grid 14 Limited, Sterlite Grid 18 Limited and Sterlite Grid 29 Limited (which were wholly owned subsidiaries of the Company prior to the investments made in terms of the AMP Capital Investment Agreements and the AMP Capital Framework Agreement), which are engaged in the business of developing, constructing, owning, operating and maintaining power transmission systems and providing project management services in relation to power transmission systems in India, in a manner wherein the Company and AMP Capital each are now owning 50% of the equity capital of these entities. Such investments provided the Company with increased capital for its business.

Pursuant to the above arrangement, as on March 31, 2021, the Company and AMP Capital had a joint ownership of 50% each in Sterlite Grid 13 Limited and indirectly in its wholly owned subsidiary namely Vapi II-North Lakhimpur Transmission Limited. Thereafter in April 06, 2021, the Company and AMP Capital invested in the remaining 3 (three) entities and indirectly held 50% in their respective subsidiaries as well, namely Sterlite Grid 14 Limited & Udipi Kasargode Transmission Limited, Sterlite Grid 18 Limited & Lakadia-Vadodara Transmission Project Limited and Sterlite Grid 29 Limited & Goa-Tamnar Transmission Project Limited.

**(vi) Acquisition of Vapi -II North Lakhimpur Transmission Limited**

The Company through its subsidiary on June 23, 2020 had acquired Vapi - II North Lakhimpur Transmission Limited, a Special Purpose Vehicle (“SPV”) from PFC Consulting Limited. Through this SPV, the company is executing a large inter-state transmission system (ISTS) project - Western Region Strengthening Scheme-XIX (WRSS-XIX) and North Eastern Region Strengthening Scheme-IX (NERSS-IX), which was won through a tariff-based competitive bidding process, under the Build, Own, Operate and Maintain model for 35 years.

However, as on March 31, 2021, Vapi II-North Lakhimpur Transmission Limited became Joint Venture of the Company and AMP Capital.

## **CORPORATE GOVERNANCE**

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

## **AMOUNT TRANSFERRED TO GENERAL RESERVE**

No amount is being proposed to be transferred to the reserves out of profits for FY21.

## **CHANGES IN SHARE CAPITAL**

Pursuant to approval of Scheme of Amalgamation of Sterlite Power Grid Ventures Limited- wholly owned subsidiary with the Company and their respective Shareholders by Hon’ble National Company Law Tribunal, Mumbai Bench from the effective date of merger i.e. November 15, 2020, the authorized share capital stood increase from ₹ 23,28,00,000 (Indian Rupees Twenty-Three Crores Twenty-Eight Lakhs only) divided into 8,00,00,000 (Eight Crores) equity shares of ₹ 2 each (Indian Rupees Two only) each and 3,64,00,000 (Three Crores Sixty-Four lakh) Redeemable Preference Shares of ₹ 2 each (Indian Rupees Two only) to ₹ 1753,28,00,000 (Indian Rupees One Thousand Seven Hundred and Fifty-Three Crore Twenty-Eight Lakh Only) divided into 638,00,00,000 (Six Hundred and Thirty-Eight Crore) Equity Shares of ₹ 2 each (Indian Rupees Two Only), 47,00,00,000 (Forty-Seven Crore) Optionally Convertible Redeemable Preference Shares of ₹ 10 each (Indian Rupees Ten Only) and 3,64,00,000 (Three Crore Sixty-Four Lakhs) Redeemable Preference Shares of ₹ 2 each (Indian Rupees Two Only).

The issued, subscribed and paid-up share capital of the Company as on March 31, 2021 was ₹ 12,23,63,804 (Indian Rupees Twelve Crores Twenty-Three Lakhs Sixty-Three Thousand Eight Hundred and Four only) divided into 6,11,81,902 (Six Crores Eleven Lakhs Eighty-One Thousand Nine Hundred and Two) equity shares of ₹ 2/- (Indian Rupees Two) each.

During the year under review, the Company redeemed 1,80,00,000 (One Crore Eighty Lakh) redeemable preference shares of face value of ₹ 2/- (Indian Rupees Two) each on December 31, 2020, subsequent to the date of maturity of the said redeemable preference shares. As on March 31, 2021, there were no outstanding preference shares in the Company.

## **MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review, 14 (Fourteen) meetings of the Board of Directors were held. Out of 14 meetings, 1 (one) meeting was adjourned and adjourned meeting was held one day after the date of the original meeting. The adjourned meeting and the original meeting have been counted as a single meeting for computing the number of meetings. The intervening gap between the two consecutive meetings was within the period prescribed under the Companies Act, 2013 (hereinafter also referred to as “the Act”) and Secretarial Standard 1 on Board meetings issued by the Institute of Company Secretaries of India read with MCA circulars, as issued from time to time. The dates on which these meetings were held are May 18, 2020, July 31, 2020, September 30, 2020, November 10, 2020, November 12, 2020, November 17, 2020, November 30, 2020, December 07, 2020, December 17, 2020, December 22, 2020 (Adjourned meeting: December 23, 2020), February 01, 2021, February 04, 2021, February 26, 2021, and March 22, 2021. Owing to the ongoing pandemic, all the board meetings were held through audio-visual facility.

The composition of Board and other details are provided in Corporate Governance Report which forms part of the Annual Report as Annexure A.

Further, the Company had entered into a scheme of amalgamation with Sterilite Power Grid Ventures Limited- wholly owned subsidiary of the Company (“SPGVL”), and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, which was sanctioned by the National Company Law Tribunal, Mumbai Bench by way of its order dated May 22, 2020 which became effective from November 15, 2020, the details of meetings of the Board of SPGVL is also being reported herein-under.

During the period April 01, 2020, to November 15, 2020, the Board of Directors of SPGVL met 6 (six) times. The intervening gap between the two consecutive meetings was within the period prescribed under the Companies Act, 2013 (hereinafter also referred to as “the Act”) and Secretarial Standard 1 on Board meetings issued by the Institute of Company Secretaries of India read with MCA circulars, as issued from time to time. The dates on which these meetings were held are April 20, 2020, July 31, 2020, August 13, 2020, September 30, 2020, November 10, 2020, and November 12, 2020. Composition of Board and other details are provided in Corporate Governance Report which forms part of this Directors’ Report as Annexure A.

#### COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises of Mr. A.R. Narayanaswamy, Independent Director and Chairman of the Committee, Mr. Anoop Seth, Independent Director and Mr. Pravin Agarwal, non-executive director. Mr. Arun Tadarwal, former Chairman of the Committee ceased to be a member of the Committee due to completion of his tenure as Director on July 24, 2021.

Further details of the Audit Committee and other Committees of the Board are given in the Corporate Governance Report, which forms a part of this Directors’ Report as Annexure A. The Board of directors has accepted all the recommendations of the Audit Committee during FY21.

#### DIRECTORS

Currently the Board of Directors of the Company is validly constituted and comprise of 5 Directors. Changes in Directorships during the FY under review and post March 31, 2021 upto the date of this Report are as under:

- a. Ms. Avaantika Kakkar, resigned as an Independent Director of the Company effective February 01, 2021, due to other pre-occupations. Your Directors’ places on record their appreciation for the valuable contribution made by Ms. Kakkar during her tenure as director of the Company.
- b. Mr. Anoop Seth was appointed as an Additional Director (Non-Executive, Independent) effective July 31, 2020, upon the recommendation of the Nomination and Remuneration Committee. Mr. Anoop Seth was holding such office upto the date of 5<sup>th</sup> Annual General Meeting of the Company and he being eligible and upon receipt of notice from a Member of the Company was appointed as Independent Director of the Company in the 5<sup>th</sup> Annual General Meeting of the Company for a period of 5 years i.e. from July 31, 2020 upto July 30, 2025.

- c. Mr. Pratik Pravin Agarwal, Managing Director being a director liable to retire by rotation, and being eligible, was re-appointed as a director liable to retire by rotation in the Annual General Meeting held on December 31, 2020. Further, the term of Mr. Pratik Pravin Agarwal as a Managing Director of the Company was till May 31, 2021. Considering his rich knowledge on various aspects relating to the Company’s affairs, leadership qualities and long business experience and for the smooth and efficient running of business, he was re-appointed as the Managing Director of the Company, for a further period of 3 (three) years commencing from June 01, 2021 in accordance with the provisions of Companies Act 2013 read with approval of shareholders in their meeting held on December 31, 2020.
- d. Mr. Pravin Agarwal, Chairman, will retire by rotation at the ensuing Annual General Meeting (“AGM”) and being eligible, offers himself for re-appointment, pursuant to Section 149, read with Section 152 of the Companies Act, 2013. The Board recommends his re-appointment. Details of the aforesaid proposal for re-appointment of Mr. Pravin Agarwal are provided in the Annexure to the Notice of the AGM.
- e. Mr. Arun Tadarwal, Independent Director of the Company ceased to be a Director of the Company on July 24, 2021, pursuant to completion of his tenure of 5 years.
- f. Except as mentioned above, there was no other change in the Board of Directors of the Company during FY21 and upto the date of this Report.

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. The Independent Directors of the Company have also registered themselves in the data bank with the Indian Institute of Corporate Affairs and confirmed compliance of relevant provisions of Rule 6 of the Companies (Appointments and Qualifications of Directors) Rules, 2014. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity. Further, the Independent Directors’ also confirmed that they are independent of the management of the Company.

#### KEY MANAGERIAL PERSONNEL

Pursuant to the Section 203 of the Act, and the Rules made thereunder, following are the Key Managerial Personnel of the Company:

Sr. No	Name	Designation	Date of Appointment
1	Mr. Pratik Pravin Agarwal	Managing Director	June 01, 2016 <sup>1</sup>
2	Mr. Anuraag Srivastava	Chief Financial Officer	August 10, 2018
3	Mr. Ashok Ganesan	Company Secretary	May 29, 2017

<sup>1</sup> Mr. Pratik Pravin Agarwal has been re-appointed as Managing Director from June 01, 2021.

There was no change in the KMP during the FY21

## FRAMEWORK FOR THE PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

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. 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 (including the Chairman and Independent Directors). Details of the evaluation mechanism are provided in the Corporate Governance Report enclosed as **Annexure A** to this 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 ('NRC Policy'). The NRC Policy of the Company includes criteria for determining qualifications, positive attributes and independence of a director and policy relating to the remuneration of Directors, Key Managerial Personnel and other employees and is framed with the object of attracting, retaining and motivating talent which is required to run the Company successfully. The Policy can also be accessed on Company's website at [www.sterlitepower.com](http://www.sterlitepower.com)

Further, the Policy on Board Diversity also forms part of the NRC Policy of the Company and can be accessed at Company's website at [www.sterlitepower.com](http://www.sterlitepower.com)

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 134(3)(c) and Section 134(5) of the Act, your Directors state that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year April 1, 2020 to March 31, 2021;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal

financial controls are adequate and are operating effectively; and

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

## COMPLIANCE WITH SECRETARIAL STANDARDS

Your Directors confirm that the Secretarial Standard – 1, on Meetings of Board of Directors and Secretarial Standard – 2 on General Meetings, issued by the Institute of Company Secretaries of India, have been duly complied with.

## CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts and arrangements with related parties, entered by the Company during the FY, were in the ordinary course of business and on an arm's length basis. Particulars of contracts or arrangements with related parties as required under Section 134(3)(h) of the Act in the prescribed Form AOC 2 are enclosed as **Annexure-B** to the Directors' Report. Details regarding the policy, approval and review of Related Party Transactions are provided in the Corporate Governance Report enclosed as **Annexure A** to this Report.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THE REPORT

### a. Subsidiaries in Brazil

Borborema Participações S.A, was incorporated as a privately held company on April 16, 2021, under the laws of Brazil as a corporation registered within the Brazilian Revenue Service. Borborema Participações is engaged in the business of (i) implementation, operation and exploitation of electricity transmission projects; (ii) participation in the capital stock of other companies operating in the energy transmission sector in the capacity of partner, shareholder or quotaholder; and (iii) form consortia or any other type of business collaboration necessary for the achievement of the objects provided for in items "i" and "ii" above.

Further, Dunas Transmissão de Energia S.A ceased to be the subsidiary of the Company on June 02, 2021.

### b. Joint Venture Companies

Post March 31, 2021, pursuant to the investment of AMP Capital and the Company in the ratio of 50% each, following companies ceased to be the wholly owned subsidiaries of the Company and became Joint Venture companies effective April 06, 2021:

- a. Sterlite Grid 14 Limited
- b. Sterlite Grid 18 Limited
- c. Sterlite Grid 29 Limited
- d. Udupi Kasargode Transmission Limited (wholly owned subsidiary of Sterlite Grid 14 Limited)

- e. Lakadia-Vadodara Transmission Project Limited (wholly owned subsidiary of Sterlite Grid 18 Limited)
- f. Goa-Tamnar Transmission Project Limited (wholly owned subsidiary of Sterlite Grid 29 Limited)

Policy on material subsidiaries, as approved by the Board of Directors, may accessed at the Company's website at [www.sterlitepower.com](http://www.sterlitepower.com)

The Audited Financial Statements of the subsidiary companies have not been included in the Annual Report. The financial statements of the subsidiary companies and the related information will be made available, upon request, to the members seeking such information at any point of time. These financial statements will also be kept open for electronic inspection by any member at the corporate office of the Company, and that of the respective subsidiary companies. The financials of material subsidiaries, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, will also be available on the website of the Company at [www.sterlitepower.com](http://www.sterlitepower.com).

## SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company had 42 subsidiaries, 3 Associate companies and 2 Joint Ventures as on March 31, 2021. The list of subsidiaries, associates and joint ventures is enclosed as **Annexure-C**. In accordance with Section 129(3) of the Act, a statement containing salient features of the financial statements of the subsidiary/associate and joint venture companies in Form AOC-1, is enclosed as **Annexure-D** to this report and is also provided as a part of consolidated financial statement.

During the year under review, following companies have become or ceased to be Company's subsidiary companies:

- A. Companies that have become subsidiaries/associates/ joint ventures during the FY21:
  - Vapi II- North Lakhimpur Transmission Limited (became subsidiary w.e.f. June 23, 2020 & continued to be a subsidiary upto March 30, 2021 and became a joint venture w.e.f. March 31, 2021)
  - Sterlite Grid 13 Limited (subsidiary upto March 30, 2021 and became a joint venture w.e.f. March 31, 2021)
  - OneGrid Limited (subsidiary w.e.f. September 24, 2020)
  - Vineyards Participacoes S.A. (subsidiary w.e.f. December 01, 2020)
- B. Companies which have ceased to be subsidiaries/ associates during the FY21:
  - Sterlite Power Grid Ventures Limited (SPGVL)<sup>1</sup>
  - Gurgaon-Palwal Transmission Limited (subsidiary upto August 30, 2020)
  - NER II Transmission Limited (subsidiary upto March 25, 2021 and associate w.e.f. March 26, 2021)
  - Sterlite Grid 13 Limited (SGL 13)<sup>2</sup>
  - Vapi II-North Lakhimpur Transmission Limited (Vapi-II)<sup>2</sup>
  - Castelo Transmissao de Energia S.A (Subsidiary upto December 27, 2019)

<sup>1</sup> SPGVL merged with the Company w.e.f. November 15, 2020 pursuant to approval of Scheme of Merger of SPGVL with the Company and their respective Shareholders by Hon'ble National Company Law Tribunal, Mumbai Bench.

<sup>2</sup> SGL13 and Vapi-II were wholly owned subsidiaries of the Company upto March 30, 2021 and became the joint venture companies w.e.f. March 31, 2021.

## FINANCIAL STATEMENTS

The Ministry of Corporate Affairs and SEBI has provided several relaxations, in view of difficulties faced by the Companies, on account of threat posed by COVID-19. Pursuant to General Circular No.20/2020, dated May 5, 2020, read with General Circular No.02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs, and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 read with Circular No. SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated January 15, 2021 issued by SEBI, the Company shall not be dispatching physical copies of financial statements and the Annual Report shall be sent only by email to the members.

The standalone and consolidated financial statements of the Company prepared in accordance with Indian Accounting Standards (Ind AS), duly audited by Statutory Auditors, also forms part of this Annual Report.

## AUDITORS AND AUDITORS' REPORT

### (a) Statutory Auditors

M/s. S R B C & Co. LLP, Chartered Accountants were appointed as Statutory Auditors of the Company from the conclusion of 1<sup>st</sup> Annual General Meeting held on August 17, 2016, for a period of 5 years upto the conclusion of 6<sup>th</sup> Annual General Meeting to be held in FY21. Hence the term of Statutory Auditors is completing on the date of ensuing Annual General Meeting and the Statutory Auditors being eligible have given their consent and have confirmed that their appointment, if made would be within the limits as prescribed under the Companies Act, 2013. The Board of Directors recommend to the shareholders, the re-appointment of M/s S R B C & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company for a term of 4 years starting from the conclusion of ensuing Annual General Meeting i.e. for the FY2021-22 to FY2024-25.

It is clarified that M/s. S R B C & Co LLP, Chartered Accountants were appointed as the first auditors of the Company on May 18, 2015 to hold office upto the date of first Annual General Meeting of the

Company. Thereafter, they were appointed as the Statutory Auditors of the Company for a term of 5 years from the conclusion of the first Annual General Meeting upto the conclusion of the sixth Annual General Meeting. Accordingly, the term of Statutory Auditors is completing on the conclusion of ensuing Annual General Meeting and they being eligible, have confirmed that their appointment, if made would be within the limits as prescribed under the Act. Further, in accordance with Section 139 of Companies Act, 2013 read with rules made thereunder, as amended, since the Statutory Auditors have already completed the tenure of 6 years (i.e. 1 year plus 5 years), their appointment is being recommended for a period of 4 years.

The Statutory Auditors Report does not contain any qualification or adverse remark hence does not require any clarification or explanation of the Board.

**(b) Secretarial Auditors**

Pursuant to Section 204 of the Act, M/s. DMK Associates, Practising Company Secretaries, were appointed to conduct the Secretarial Audit of the Company, for the financial year ended March 31, 2021. The Report of the Secretarial Auditors is annexed as **Annexure-E** to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**(c) Cost Auditors**

The Company is required to make and maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act. Accordingly, the Company has been making and maintaining the records as required.

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. Mr. Kiran Naik, Cost Accountant, was appointed as the Cost Auditor to audit the cost accounts of the Company for the said products for FY21. The Cost Audit Report for FY21 is under preparation and Cost Audit Report for FY20 was filed with the Registrar of Companies, Pune, within the prescribed timelines, as extended by the Ministry of Corporate Affairs.

Further, Kiran Naik (FRN 010927) has also been appointed as the Cost Auditor for FY22, and he has confirmed that his appointment is within the prescribed limits. As required by the provisions of the Act, a resolution seeking Members' approval for the remuneration payable to Mr. Kiran Naik, Cost Auditor is included in the Notice convening the ensuing AGM.

## **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 and other applicable Law(s).

To maintain its objectivity and independence, the Internal Audit function reports to the Board of Directors. The Internal Audit function monitors and evaluates the efficacy and adequacy of Internal Control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations if any, and corrective actions thereon are presented to the Board. The Board of Directors regularly reviews the observation of the Statutory Auditors 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.

## **LEGAL COMPLIANCES MANAGEMENT**

The Compliance function independently tracks, reviews and ensures compliance with regulatory guidelines and promotes a compliance culture in the Company. We track compliance details as well as timelines on our compliances portal which is updated in a timely manner. The compliance report is also provided independently to senior management by the compliance function. The compliance portal is a proprietary software to run an effective Compliance management that allows for keen monitoring of the compliance status with regard to applicable laws and regulations and captures alters that inform us of amendments, change in laws, regulations. The portal also provides a robust governance structure and a streamlined reporting system that ensures cohesive compliance reporting to the management. The regulatory compliance certificate is presented to the Board on a quarterly basis. Compliance certificates are regularly updated by the Compliance Department and independently reviewed by senior management, allowing for robust and effective oversight across compliance practices.

## **BUSINESS RISK MANAGEMENT**

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

The Board has constituted a Risk Management Committee comprising of Ms. Haixia Zhao, Independent Director as Chairperson of the Committee, Mr. A.R. Narayanaswamy and Mr. Pratik Pravin Agarwal as Members, to review, identify, evaluate and monitor both business and non-business related risks and take requisite action to mitigate the same through a properly defined framework.

The Company has framed a Risk Management Policy to identify and assess the risk areas, monitor and report compliance and effectiveness of the policy. Copy of the Risk Management policy is also available on the website of the Company at [www.sterlitepower.com](http://www.sterlitepower.com). A detailed exercise

is being carried out to identify, evaluate, manage and monitor both business and non-business risks. The policy seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk policy defines the risk management approach across the enterprise at various levels including documentation and reporting.

#### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The details of Vigil Mechanism/Whistle Blower Policy have been disclosed in the Corporate Governance Report which forms part of the Directors Report as Annexure A.

#### **DISCLOSURE REGARDING PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder for prevention and redressal of complaints of sexual harassment at workplace.

The Company is an equal opportunity employer and believes in providing opportunity and key positions to women professionals. The Group has endeavoured to encourage women professionals by creating proper policies to address issues relating to safe and proper working conditions and create and maintain a healthy and conducive work environment that is free from discrimination. This includes discrimination on any basis, including gender, as well as any form of sexual harassment.

During the period under review, the Company had received 2 complaints of harassment, which have been resolved. No other complaint was pending as on March 31, 2021.

Your Company has constituted Internal Complaints Committee (ICC) for various business divisions and offices, as per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **ANNUAL RETURN**

Pursuant to Section 92(3) of the Act, the Annual Return of the Company for the FY21 ended March 31, 2021 shall be available on the website of the Company at [www.sterlitepower.com](http://www.sterlitepower.com).

#### **INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

Pursuant to the provisions of Section 124 of the Act, relevant amounts which remained unpaid or unclaimed for a period of seven years are to be transferred by the Company to the Investor Education and Protection Fund established by Central Government. Details of unpaid and unclaimed dividend lying with the Company as on March 31, 2021 shall be made available on the Company's website at [www.sterlitepower.com](http://www.sterlitepower.com).

#### **TRANSFER OF SHARES LYING IN UNCLAIMED SUSPENSE ACCOUNT**

In terms of provisions of the act, the shares lying in the Unclaimed Suspense Account for a period of seven consecutive years are to be transferred by the Company to the Investor Education and Protection Fund established by Central Government. Accordingly, shareholders are encouraged to claim the shares on or before March 31, 2023, if not yet claimed. Post March 31, 2023, shares lying in unclaimed Suspense Account for consecutive 7 years ending on March 31, 2023, shall be transferred to Investor Education and Protection Fund and shareholders will have to claim their shares from Investor Education and Protection Fund, established by the Central Government. Details of shares lying in Unclaimed Suspense Account are given in the Corporate Governance Report forming part of this Director's Report as **Annexure A**.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments are provided in Note no. 5, 6, 16 & 38 to the Financial Statements forming part of this Annual Report for FY21.

#### **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 enclosed as **Annexure-F** to this Report.

#### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

In terms of provisions of the Act and Rules made there under, the Directors Report and the Financial Statements are being sent to the Members of the Company excluding **Annexure-G** relating to the disclosures pertaining to remuneration under section 197(12) of the Act read with Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended. The said information is available for inspection through electronic mode. Any member interested in obtaining a copy of the said statement may write to the Company Secretary and the same will be furnished upon such request.

#### **EMPLOYEE STOCK APPRECIATION SCHEME**

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

The Board in order to provide strategic direction to the organization and ensuring achievement of aggressive growth targets, had formulated a separate ESAR Plan 'Sterlite Power Transmission Employee Stock Appreciation Rights Plan 2018' ("ESAR 2018"/"Plan") for the executive directors and 'MD & CEO' without impacting the transition from the existing Plan to the new one to ensure a continuous focus on value creation.

The Company's ESAR schemes were in line with Company's philosophy of sharing benefits of growth with its key growth drivers. The ESAR plans of the company have been concluded in May 2021.

### **NON-CONVERTIBLE DEBENTURES**

The details of non-convertible debentures redeemed during the year under review have been disclosed in the Corporate Governance Report which forms part of the Directors' Report as **Annexure A**.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Board has constituted Corporate Social Responsibility Committee ("CSR Committee") which comprises of Mr. Pravin Agarwal, Chairman and non-executive Director, Mr. Pratik Pravin Agarwal, Managing Director, Mr. A.R. Narayanaswamy and Ms. Haixia Zhao, both being Independent Directors, as Members of the Committee. Mr. Arun Todarwal, Independent Director and former Chairman of the Committee ceased to be a member of the Committee on completion of his term of 5 years, as Director on July 24, 2021.

The Board has also approved a CSR policy, which is available on the website of the Company at [www.sterlitepower.com](http://www.sterlitepower.com).

During the year under review the Company was not required to spend on CSR Activities covered under Schedule VII of the Act due to losses. However, pursuant to merger of Sterlite Power Grid Ventures Limited ("SPGVL")- wholly owned subsidiary with the Company, the CSR initiatives/projects undertaken by/or on behalf of SPGVL have been disclosed in the Annual Report on CSR activities. The Annual Report on CSR activities pursuant to Section 135 read with Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014, is enclosed as **Annexure-H** to this Report.

### **Litigation by the Company under Insolvency and Bankruptcy Code, 2016**

The details of application made by the Company and proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with the status as at March 31, 2021 is as under:

Pursuant to certain purchase orders placed by Pan India Infraprojects Private Limited ("Pan India") for the purchase of ACSS aluminium conductors and OPGW Cables from the Company and a liquidation application filed before the National Company Law Tribunal against Pan India under the Insolvency and Bankruptcy Code, 2016 and the corresponding public announcement dated July 25, 2020, the Company has raised a claim of approximately ₹ 124.17 Million against Pan India for certain cancellation costs and dues towards the non-issuance of C form owed by Pan India to our Company. The matter is currently pending.

### **GENERAL**

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

- a. The Company has not accepted any deposits from the public or otherwise in terms of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of Balance Sheet.
- b. The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.
- c. The Managing Director of the Company do not receive 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 has an impact on 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.
- f. The Company has not made any one-time settlement in respect of any loan from Banks or Financial Institutions, hence, no details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, are required to be given.

### **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**

Sd/-  
**Pravin Agarwal**  
Chairman  
DIN-00022096

Date: August 30, 2021  
Place: Pune