KNPS & Associates
Chartered Accountants

Agreed-Upon Procedures

To,
The Board of Directors,
Sterlite Power Transmission Limited,
F-1 Mira Corporate Suits,
Ishwar Nagar, New Delhi 110065

Report on the audited standalone financial statements of Dunas Transmissão de Energia S.A. ('the Company') for the years ended December 31, 2019 and December 31, 2018

We have verified the translated version of standalone financial statements of the Company, which comprise the balance sheets as at December 31, 2019 and December 31, 2018, the statement of profit and loss, the statement of changes in equity for the period ended December 31, 2019 and December 31, 2018 and a summary of the significant accounting policies and other explanatory information.

These financial statements have been translated by the Company from Brazilian Reais to Indian Rupees in accordance with Indian Accounting Standard (Ind AS) 21- The Effect of Changes in Foreign Currency Rates. The work carried out by us is in accordance with the Standard on Related Services ('SRS') 4400, 'Engagement to Perform Agreed-upon Procedures Regarding Financial Information', issued by the Institute of Chartered Accountants of India. Further, these financial statements have been translated by the Company from Portuguese to English.

As required under Schedule VI, Part A, Paragraph (11)(I)(A)(ii)(b) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended, we have verified the translated financial information contained in the annexures attached to this certificate which is proposed to be uploaded on the website of Sterlite Power Transmission Limited in connection with its proposed initial public offering of equity shares bearing face value of INR 2/- each (the "Offer").

We did not audit the standalone financial statements of the Company. These financial statements have been audited by another audit firm, whose signed financial statements and audit reports have been furnished to us by the Company. These translated financial statements should not in any way be construed as reissuance or re-dating of any of the previous audit reports, nor should these be construed as a new opinion on any of the audited standalone financial statements referred to herein.

Our report is solely for the purpose of uploading on the website of Sterlite Power Transmission Limited in connection with the offer and is not to be used for any other purpose or to be distributed to any other parties. Our certificate should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For KNPS & Associates
Chartered Accountants
Firm Registration Number: 024073N
KUMAR NAGMANI
Digitally signed by KUMAR NAGMANI
Date: 2021.08.09 16:42:02 +05'30'
per Kumar Nagmani
Partner
Membership Number: 506310
UDIN: 21506310AAAAFW5896
Place: Gurgaon
Date: August 09, 2021

São Paulo Corporate Towers
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Report of the Independent Auditor on the Financial Statements

To
Directors and Shareholders of
Dunas Transmissão de Energia S.A.
Sao Paulo-SP

Opinion

We have examined the financial statements of Dunas Transmissão de Energia SA ("Company"), which comprise the balance sheet as of December 31, 2019 and the related statements of income, comprehensive income, changes in equity and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including the summary of the main accounting policies.

In our opinion, the aforementioned financial statements fairly present, in all material respects, the equity and financial position of Dunas Transmissão de Energia
S.A. on December 31, 2019, the performance of its operations and its respective cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities in accordance with these standards are described in the following section entitled "Responsibilities of the Auditor for the Audit of Financial Statements". We are independent from the Company, in accordance with the relevant ethical principles set out in the Accountant's Code of Professional Ethics and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Emphasis on the resubmission of the corresponding values

As mentioned in explanatory note 2.5, as a result of the remeasurement of the contract asset due to the change in the discount rate applied and the consequent change in the rate in the efficiency gain of the infrastructure implementation, which is prohibited by CPC 47 - Revenue from contract with customer, the corresponding amounts for the previous year, presented for comparison purposes, have been adjusted and are being re-presented to reflect the identified adjustments, as provided for in NBC TG 23 – Accounting Practices, Changes in Estimates and Error Correction.
Our opinion contains no modification related to this matter.

Management and governance responsibilities for financial statements

Management is responsible for the preparation and proper presentation of the financial statements in accordance with accounting practices adopted in Brazil and for the internal controls it has determined as necessary to allow the preparation of financial statements free from material misstatement, regardless of whether caused by fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue operating, disclosing, when applicable, matters related to its going concern and the use of this accounting basis in the preparation of the financial statements, unless the management intends to liquidate the Company or cease its operations, or does not have any realistic alternative to avoid the closure of operations.

Those responsible for the governance of the Company are those responsible for supervising the process of preparing the financial statements.

Responsibilities of the Auditor for Auditing Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit performed in accordance with Brazilian and international auditing standards will always detect any material misstatements that may exist. Misstatements can arise from fraud or error and are considered material when, individually or in the aggregate, they can reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of the audit performed in accordance with Brazilian and international auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, regardless of whether caused by fraud or error, plan and perform audit procedures in response to such risks, and obtain sufficient appropriate audit evidence to support our opinion. The risk of non-detection of material misstatement resulting from fraud is greater than that arising from error, as fraud may involve the act of circumventing internal controls, collusion, falsification, omission or intentional misrepresentation.
- We obtain an understanding of internal controls relevant to the audit in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company.
- We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the adequacy of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty regarding events or conditions that may raise significant doubts regarding the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we must draw attention in our audit report to the related disclosures in the financial statements or include a modification in our opinion if the disclosures are inadequate. Our conclusions are based on audit evidence obtained up to the date of our report. However, future events or conditions may lead the Company to no longer continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the related transactions and events in a manner consistent with the objective of fair presentation.

We communicate with those charged with governance regarding, among other things, the scope and timing of planned audit engagements and significant audit findings, including any significant weaknesses in internal controls that may have been identified during our engagements.

São Paulo, June 18, 2020.

ERNST & YOUNG
Independent Auditors S.S.
CRC 2SP034519/O-6

Adilvo França Junior
Accountant CRC-1BA021419/O-4-T-SP

Dunas Transmissão de Energia S.A.

Translated version of Audited Statement of Financial Position as at December 31, 2019 and 2018

	Note	2019 (BRL)	2019 (INR)	2018 (Restated) (BRL)	2018 (Restated) (INR)
Current assets					
Cash and cash equivalents	6	42,084	7,46,940	2,43,955	43,71,210
Insurance premium	7	2,70,103	47,94,004	2,19,082	39,25,533
Taxes and contributions to be offset	8	1,45,315	25,79,167	-	-
Total of the current assets		**4,57,502**	**81,20,111**	**4,63,037**	**82,96,743**
Non-current					
Long-term assets					
Insurance premium	7	9,45,356	1,67,78,935	10,04,128	1,79,92,066
Advance to suppliers		2,49,783	44,33,349	-	-
Concession asset	9	1,80,06,507	31,95,93,891	40,14,822	7,19,37,982
Deferred income tax and social contribution	13a	6,54,391	1,16,14,655	-	-
		1,98,56,037	**35,24,20,830**	**50,18,950**	**8,99,30,048**
Intangible		-	-	39,986	7,16,473
		-	-	39,986	7,16,473
Total of the non current assets		**1,98,56,037**	**35,24,20,830**	**50,58,936**	**9,06,46,521**
Total assets		**2,03,13,539**	**36,05,40,941**	**55,21,973**	**9,89,43,264**
Current Liabilities					
Suppliers	10	26,67,750	4,73,49,361	30,11,555	5,39,61,344
Taxes and social contributions to be collected	11	30,697	5,44,835	22,039	3,94,897
Salaries and social charges	12	7,79,629	1,38,37,479	-	-
Total current liabilities		**34,78,076**	**6,17,31,675**	**30,33,594**	**5,43,56,241**
Non current					
Deferred income tax and social contribution	13a	-	-	71,955	12,89,297
Deferred PIS and COFINS	13a	16,65,602	2,95,62,437	3,71,371	66,54,263
Total Non current liabilities		**16,65,602**	**2,95,62,437**	**4,43,326**	**79,43,560**
Net worth					
Share capital	14a	1,66,64,000	29,32,76,149	18,35,037	3,28,80,848
Revenue reserve	14b	-	-	2,10,016	38,29,414
Accumulated losses	14c	(14,94,139)	(2,40,29,320)	-	(66,798)
Total shareholders ' equity		**1,51,69,861**	**26,92,46,829**	**20,45,053**	**3,66,43,464**
Total of the liabilities and equity		**2,03,13,539**	**36,05,40,941**	**55,21,973**	**9,89,43,264**

The accompanying notes are an integral part of these financial statements.

Dunas Transmissão de Energia S.A.

Translated version of Income Statement for the period ended December 31, 2019 and 2018

	Note	2019		2018 (Restated)	
		(BRL)	(INR)	(BRL)	(INR)
Net operating revenue	15	1,26,97,454	22,64,26,925	36,43,451	6,64,34,382
Infrastructure implementation cost	16	(1,03,39,892)	(18,43,85,779)	(32,17,504)	(5,86,67,700)
Gross profit		**23,57,562**	**4,20,41,146**	**4,25,947**	**77,66,682**
General and administrative operating expenses	17	(47,91,537)	(8,54,44,924)	(1,44,191)	(26,29,167)
(Loss)/ profit before income, financial expenses and taxes		**(24,33,975)**	**(4,34,03,778)**	**2,81,756**	**51,37,515**
Financial income		5,275	94,066	233	4,249
Financial expenses		(1,801)	(32,116)	(18)	(328)
	18	**3,474**	**61,950**	**215**	**3,920**
(Loss)/ profit before income tax and social contribution		**(24,30,501)**	**(4,33,41,828)**	**2,81,971**	**51,41,436**
Deferred income tax and social contribution	13b	7,26,346	1,29,52,541	(71,955)	(13,12,021)
Loss for the year		**(17,04,155)**	**(3,03,89,287)**	**2,10,016**	**38,29,414**
Other Comprehensive Income					
Gain/(Loss) on Foreign Currency Translation		-	1,07,026	-	(66,327)
Total comprehensive Loss for the year		**(17,04,155)**	**(3,02,82,262)**	**2,10,016**	**37,63,088**

The accompanying notes are an integral part of these financial statements.

Dunas Transmissão de Energia S.A.

Translated version of Statement of Changes in Equity for the period December 31, 2019 and 2018

Particular	Subscribed Share Capital		(-) Capital to be paid		Legal reserve		Profit retention reserve		Accumulated profit/(losses)		Total	
	BRL	**INR**	**BRL**	**INR**	**BRL**	**INR**	**BRL**	**INR**	**BRL**	**INR**	**BRL**	**INR**
Incorporation of the Company on July 24, 2018	1,000	18,390	-	-	-	-	-	-	-	-	1,000	18,390
Capital to be paid	(900)	(16,551)	900	16,126	-	-	-	-	-	-	-	(424)
Subscribed and paid capital	900	16,551	(900)	(16,126)	-	-	-	-	-	-	-	424
Capital increase according to AGM December 27, 2018	18,35,000	3,28,79,714	(963)	(17,255)	-	-	-	-	-	-	18,34,037	3,28,62,458
Net income for the financial year	-	-	-	-	-	-	-	-	2,10,016	38,29,414	2,10,016	38,29,414
Foreign Currency Translation Reserve (FCTR)	-	(472)	-	-	-	-	-	-	-	(66,327)	-	(66,798)
Constitution of legal reserve	-	-	-	-	38,613	7,04,066	-	-	(38,613)	(7,04,066)	-	-
Constitution of the profit retention reserve	-	-	-	-	-	-	1,71,403	31,25,348	(1,71,403)	(31,25,348)	-	-
Balances as of December 31, 2018 (Restated)	**18,36,000**	**3,28,97,632**	**(963)**	**(17,255)**	**38,613**	**7,04,066**	**1,71,403**	**31,25,348**	**-**	**(66,327)**	**20,45,053**	**3,66,43,464**
Capital increase according to the Extraordinary General Meeting of March 29, 2019	39,56,000	6,97,15,797	-	-	-	-	-	-	-	-	39,56,000	6,97,15,797
Capital increase according to the AGM of June 30, 2019	44,54,037	7,97,23,254	-	-	-	-	-	-	-	-	44,54,037	7,97,23,254
Capital increase according to the AGM of September 30, 2019	36,02,963	6,12,38,481	963	17,255	-	-	-	-	-	-	36,03,926	6,12,55,736
Capital increase according to the AGM of December 27, 2019	28,15,000	4,97,00,514	-	-	-	-	-	-	-	-	28,15,000	4,97,00,514
Loss for the financial year	-	-	-	-	-	-	-	-	(17,04,155)	(3,03,89,287)	(17,04,155)	(3,03,89,287)
Foreign Currency Translation Reserve (FCTR)	-	24,90,326	-	-	-	(15,501)	-	(68,810)	-	1,91,336	-	25,97,351
Loss absorption	-	-	-	-	(38,613)	(6,88,565)	(1,71,403)	(30,56,538)	2,10,016	37,45,103	-	-
Balances as on December 31, 2019	**1,66,64,000**	**29,57,66,003**	**-**	**-**	**-**	**-**	**-**	**-**	**(14,94,139)**	**(2,65,19,174)**	**1,51,69,861**	**26,92,46,829**

The accompanying notes are an integral part of these financial statements.

Dunas Transmissão de Energia S.A.

Translated version of Statement of Cash Flow for the period ended December 31, 2019 and 2018

	2019		2018 (Restated)	
Operating activities	(BRL)	(INR)	(BRL)	(INR)
(Loss)/ Net income for the year	(17,04,155)	(3,03,89,287)	2,10,016	38,29,414
Adjustments to reconcile (loss) net income to cash generated by (used in) operating activities				
Deferred income tax and social contribution	(7,26,346)	(1,29,52,541)	71,955	13,12,021
Deferred PIS and COFINS	12,94,231	2,30,79,331	3,71,371	67,71,548
Write-off of intangible	2,39,516	42,71,161	-	-
Asset retirement	1,03,935	18,53,417	-	-
Depreciation and amortization	40,981	7,30,792	-	-
Increase (decrease) in assets Concession assets	(1,39,91,685)	(24,83,14,016)	(40,14,822)	(7,21,44,318)
Insurance premium	7,751	1,37,571	(12,23,210)	(2,19,17,599)
Taxes and contributions to be offset	(1,45,315)	(25,79,167)	-	-
Advances to suppliers	(2,49,783)	(44,33,349)	-	-
Increase (decrease) in Suppliers liabilities	(3,43,805)	(61,02,126)	30,11,555	5,39,61,344
Taxes and social contributions to be collected	8,658	1,53,669	22,039	3,94,897
Salaries and social charges	7,79,629	1,38,37,479	-	-
Net cash flow consumed by operating activities	**(1,46,86,388)**	**(26,07,07,065)**	**(15,51,096)**	**(2,77,92,693)**
Investment activities				
Acquisition of fixed assets	(1,09,706)	(19,47,150)	-	-
Intangible asset acquisition	(2,34,740)	(41,66,353)	(39,986)	(7,16,473)
Cash flow consumed by investing activities	**(3,44,446)**	**(61,13,503)**	**(39,986)**	**(7,16,473)**
Financing activities				
Capital increase	1,48,28,963	26,31,96,298	18,35,037	3,28,80,376
Cash flow from financing activities	**1,48,28,963**	**26,31,96,298**	**18,35,037**	**3,28,80,376**
Increase/decrease in cash and cash equivalents	(2,01,871)	(36,24,270)	2,43,955	43,71,210
Cash and cash equivalents on 1st January	2,43,955	43,71,210	-	-
Cash and cash equivalents 31 December	42,084	7,46,940	2,43,955	43,71,210

The accompanying notes are an integral part of these financial statements.

1. Operational context
1.1 Corporate purpose

Dunas Transmissão de Energia S.A. ("Company" or "Dunas"), was incorporated on July 24, 2018 and is a privately-held corporation, with the specific and sole purpose of exploring concessions for public transmission services, provided through the implementation, construction, operation and maintenance of transmission facilities, including support and administrative services, provision of equipment and reserve materials, schedules, measurements and other complementary services necessary for the transmission of electricity. These activities are regulated by ANEEL - National Electric Energy Agency.

The company is in the pre-operational phase of construction and is expected to start operating on September 21, 2023.

The registered office of the Company is at Avenida Dr. Cardoso de Melo, nº 1,308 - 8th floor – room 11, in the City of São Paulo, State of São Paulo and is controlled by Sterlite Brazil Participações S.A. ("Company" or "Sterlite Group"), whose shareholders are: Sterlite Power Grid Ventures Limited ("SPGVL") and Sterlite Grid 5 Limited ("Grid 5") both headquartered in India.

1.2 Concession

On June 28, 2018, the Sterlite Group won the ANEEL Auction No. 02/2018 held by the National Electric Energy Agency. The concession contract No. 14/2018 was signed on September 19, 2018, and is valid for 30 years from the date of signature with the Granting Authority, and ensures Permitted Annual Revenue - RAP after the entry into commercial operation.

The Company's project consists of the implementation and operation of the project comprising the following energy transmission facilities in the state of Rio Grande do Norte and Ceará:

i. 500 kV alternating current transmission line between the Jaguaruana II and Pacatuba substations, in a single circuit, with an approximate length of 155.03 km;
ii. 500 kV alternating current transmission line between the Jaguaruana II and Açu III substations, in a single circuit, with an approximate length of 113.95 km;
iii. 230 kV alternating current transmission line, between the substations of Caraúbas II and Açu III, in double circuit, with an approximate length of 65.13 km;
iv. 230 kV alternating current transmission line between the Jaguaruana II and Mossoró IV substations, in a double circuit, with an approximate length of 54.54 km;
v. 230 kV alternating current transmission line between the Jaguaruana II and Russas II substations, in a single circuit, with an approximate length of 32 km;
vi. Jaguaruana II 500/230-13.8 kV, (6+1R) x 250 MVA substation;
vii Pacatuba Substation 500/230-13.8 kV, (6+1R) x 200 MVA, 230/69-13.8 kV, 2 x 200 MVA;
viii Caraúbas II Substation 230/69-13.8 kV, 2 x 100 MVA;
ix. Compensation of reactives, reactors, capacitors, connections, line inputs, busbar interconnections, busbars, linked installations and other installations necessary for the functions of measurement, supervision, protection, command, control, telecommunication, administration and support.

1.3 RAP – Permitted Annual Revenue

The concession contract ensures Permitted Annual Revenue - RAP in the amount of R$85,050,000 (INR 1,50,95,35,440), from the start of operation of the transmission lines, the purpose of the RAP is to remunerate the investments in the concession's infrastructure as well as the operation and maintenance services of the transmission line.

ANEEL will review the RAP at periodic intervals of 5 years, starting from the first month of July following the date of signature of the concession contract.

1.4 Regulatory charges

As established by art.13 of Law 9,427/96, concessionaires, licensees and authorized companies must pay directly to ANEEL the annual inspection fee, which is equivalent to 0.4% of the value of the annual benefit earned as a result of the activities developed.

The Company will invest annually in research and development, the amount of at least 1% of the net operating revenue established in the Electric Sector Accounting Manual, pursuant to Law No. 9.991/00, and in the form in which specific regulations on school subjects.

2. Presentation of financial statements
2.1 Preparation and presentation bases

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil, which cover the provisions contained in the Brazilian Corporate Law, pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee ("CPC") and approved by the Federal Accounting Council (CFC), and disclose all relevant information specific to the financial statements, and only to them, which are consistent with those used by the administration in its management.

The Company does not have other comprehensive income, therefore, the only item of total comprehensive income is the income for the financial year.

The financial statements were prepared based on historical cost, unless otherwise indicated, as described in the accounting practices below.

The financial statements were approved by the Management on April 30, 2020.

Based on the facts and circumstances existing on this date, Management assessed the Company's ability to continue operating normally and is convinced that its operations have sufficient cash flow generation capacity to honor its short-term commitments, and thus continue to your business in the future.
Additionally, Management is not aware of any material uncertainty that could generate significant doubts about its ability to continue operating. Thus, these financial statements were prepared based on the going concern assumption.

2.2 Functional and presentation currency

Items included in the financial statements are measured by the Company's functional currency, which is the Real, the currency of the main economic environment in which it operates.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires that Management make judgments, using estimates and assumptions based on objective and subjective factors and on the opinion of legal advisors, to determine the appropriate amounts for recording certain transactions that affect assets, liabilities, income and expenses. Actual results of these transactions could differ from these estimates.

These judgments, estimates and assumptions are reviewed at least annually and any adjustments are recognized in the period in which the estimates are reviewed.

Judgments, estimates and assumptions considered critical are related to the following aspects:

· Recognition of deferred tax assets or liabilities (note 13)

· Accounting for concession contracts

In accounting for concession contracts, the Company performs analyzes involving the Management's judgment, substantially, with regard to the applicability of the interpretation of concession contracts, determination and classification of revenue from infrastructure implementation, expansion, reinforcements and improvements as an asset contractual.

· Contract asset recognition moment (note 9)

The Management of the Company assesses the timing of recognition of concession assets based on the economic characteristics of each concession contract. The contractual asset originates insofar as the concessionaire satisfies the obligation to build and implement the transmission infrastructure, with revenue being recognized over the time of the project. The contractual asset is recorded as a contra entry to infrastructure implementation revenue, which is recognized according to the expenses incurred. The portion of the indemnifiable contractual asset is identified when the infrastructure implementation is completed.

· Determination of the contractual asset discount rate

The rate applied to the contractual asset is the discount rate that would be reflected in a separate financing transaction between the entity and its customer at the inception of the contract 11.86% (NTN-B + IPCA + Premium).. This rate would reflect the credit characteristics of the party receiving financing under the contract, as well as any collateral or guarantee provided by the customer or entity, including the assets transferred under the contract. The rate for pricing the financial component of the contractual asset is established on the start date of each concession contract. When the Granting Authority reviews or updates the revenue that the Company is entitled to receive, the carrying amount of the contractual asset is adjusted to reflect the revised flows, and the adjustment is recognized as revenue or expense in profit or loss.

· Determination of infrastructure implementation revenues (note 15)

When the concessionaire provides infrastructure implementation services, the infrastructure implementation revenue is recognized at fair value and the related costs related to the infrastructure implementation services provided, resulting in a profit margin from the infrastructure implementation when compared to the fair value of the consideration of services via Permitted Annual Revenue (RAP). Positive or negative variations in relation to the estimated margin are allocated to the result when incurred

· Determination of operating and maintenance revenues (note 15)

After entry into operation, when the concessionaire provides operation and maintenance services, revenue is recognized at fair value, having as one of the parameters the amounts estimated by the Granting Authority and the respective costs, according to the consideration for the services.

As provided for in the concession contract, the concessionaire acts as a service provider. The concessionaire implements, expands, reinforces or improves the infrastructure (infrastructure implementation services) used to provide a public service in addition to operating and maintaining this infrastructure (operation and maintenance services) for a certain period of time. The energy transmission company is remunerated for the availability of the infrastructure during the concession period.

The concession contract does not transfer to the concessionaire the right to control the use of public services infrastructure. Only the assignment of possession of these assets for the performance of public services is foreseen, with the assets reverting to the Granter after the termination of the respective contract. The concessionaire has the right to operate the infrastructure for the provision of public services on behalf of the Granter, under the conditions provided for in the concession contract.

The concessionaire must record and measure the revenue from the services it provides in accordance with Technical Pronouncements CPC 47 – Revenue from Customer Contracts and CPC 48 – Financial Instruments and ICPC 01 (R1) – Concession Contracts. If the concessionaire performs more than one service governed by a single contract, the remuneration received or receivable must be allocated to each performance obligation based on the values related to the services provided if the values are separately identifiable.

The concession asset records amounts receivable referring to the implementation of the infrastructure and revenue from the remuneration of the concession assets.

2.4 Regulatory Financial Statements

In accordance with the Electric Sector Accounting Manual, the Company is required to disclose the Regulatory Financial Statements ("DCR") which presents the complete set of financial statements for regulatory purposes and will be presented independently of these corporate financial statements.

These DCRs, as determined in the Electric Sector Accounting Manual (MCSE) and Dispatch No. 4,356, of December 22, 2017 issued by ANEEL and must be made available on the website of that Agency and the Company by July 31, 2020, date until which the deadline for delivery of these statements was extended.

2.5 Restatement of Financial Statements

The corresponding amounts in the balance sheet and income statement for the year ended December 31, 2018, presented in the financial statements for comparison purposes, are being restated in accordance with CPC 23 and CPC 21 (R1), as a result of changes in the adoption of CPC 47.

The contract assets were classified within the contractual asset model, pursuant to the adoption of CPC 47 - Revenue from Contracts with Customers.

The Company adopted CPC 47 using the cumulative effect method, with initial application of the standard on January 1, 2018. As a result, the Company did not apply the requirements of this CPC to the opening balance of the first comparative year presented.

On March 31, 2019, the discount rate applied was revised due to the review of the financial flow and Management's plans to sell the project in the operational phase.

Consequently, the rate applied to the efficiency gain of the infrastructure implementation was changed from 9.41% to 11.86%, impacting construction revenues and remuneration of the concession assets, as well as levied taxes. Pursuant to CPC 47, an entity shall not update the discount rate to reflect changes in interest rates or other circumstances.

Additionally, the Company made an adjustment related to deferred tax, referring to the tax concept of pre-operating expenses and on contractual assets, presented net in the amount of R$ 484,808 (INR 86,45,323). The impact summary is detailed below:

	2018 Published		**Impacts of changing assumptions and accounting policy**		**2018 (Represented)**	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**
Balance sheet						
Asset						
Concession asset	50,81,873	9,10,57,509	(10,67,051)	(1,91,19,527)	40,14,822	7,19,37,982
Assets not impacted	15,07,151	2,70,05,282	-	-	15,07,151	2,70,05,282
Total assets	**65,89,024**	**11,80,62,791**	**(10,67,051)**	**(1,91,19,527)**	**55,21,973**	**9,89,43,264**
Liability						
Deferred taxes	9,28,134	1,66,30,398	(4,84,808)	(86,86,838)	4,43,326	79,43,560
Liabilities not impacted	30,33,594	5,43,56,241	-	-	30,33,594	5,43,56,241
Total liabilities	**39,61,728**	**7,09,86,638**	**(4,84,808)**	**(86,86,838)**	**34,76,920**	**6,22,99,800**
Net worth						
Revenue reserve	7,92,259	1,41,95,776	(5,82,243)	(1,04,32,688)	2,10,016	37,63,088
Items not impacted	18,35,037	3,28,80,376	-	-	18,35,037	3,28,80,376
Total shareholders ' equity	**26,27,296**	**4,70,76,152**	**(5,82,243)**	**(1,04,32,688)**	**20,45,053**	**3,66,43,464**
Total of the liabilities and equity	**65,89,024**	**11,80,62,791**	**(10,67,051)**	**(1,91,19,527)**	**55,21,973**	**9,89,43,264**

	2018 Published		**Impacts of changing assumptions and accounting policy**		**2018 (Represented)**	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**
Income statement						
Net operating revenue	46,11,799	8,40,91,159	(9,68,348)	(1,76,56,777)	36,43,451	6,64,34,382
Operation cost	(32,17,504)	(5,86,67,700)	-	-	(32,17,504)	(5,86,67,700)
Financial result	215	3,920	-	-	215	3,920
General and Administrative Expenses	(1,44,191)	(26,29,167)	-	-	(1,44,191)	(26,29,167)
IR and CS	(4,58,060)	(83,52,228)	3,86,105	70,40,206	(71,955)	(13,12,021)
Net income for the financial year	**7,92,259**	**1,44,45,985**	**(5,82,243)**	**(1,06,16,570)**	**2,10,016**	**38,29,414**
Other Comprehensive Income						
Gain/(Loss) on Foreign Currency Translation	-	(2,50,209)	-	1,83,882	-	(66,327)
Total comprehensive Loss for the year	**7,92,259**	**1,41,95,776**	**(5,82,243)**	**(1,04,32,688)**	**2,10,016**	**37,63,088**

Statement of changes in equity	**Total**	
	(BRL)	**(INR)**
Shareholders' equity as of December 31, 2018 (published)	26,27,296	4,70,76,152
Effects of restatement on net income for the year	(5,82,243)	(1,04,32,688)
Shareholders' equity as of December 31, 2018 (represented)	**20,45,053**	**3,66,43,464**

	2018 Published		**Impacts of changing assumptions and accounting policy**		**2018 (Represented)**	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**
Operating activities						
Net income for the financial year	7,92,259	1,44,45,985	(5,82,243)	(1,06,16,570)	2,10,016	38,29,414
Adjustments to reconcile net income to cash generated by (used in) operating activities						
Deferred income tax and social contribution	4,58,061	83,52,246	(3,86,106)	(70,40,225)	71,955	13,12,021
Deferred PIS and COFINS	4,70,073	85,71,272	(98,702)	(17,99,724)	3,71,371	67,71,548
Increase (decrease) in operating assets and liabilities Concession asset	(50,81,873)	(9,16,00,837)	10,67,051	1,94,56,519	(40,14,822)	(7,21,44,318)
Items not impacted	18,10,384	3,24,38,642	-	-	18,10,384	3,24,38,642
Net cash flow consumed by operating activities	**(15,51,096)**	**(2,77,92,693)**	**-**	**-0**	**(15,51,096)**	**(2,77,92,693)**
Net cash flow consumed by investing activities	**(39,986)**	**(7,16,473)**	**-**	**-**	**(39,986)**	**(7,16,473)**
Net cash flow from financing activities	**18,35,037**	**3,28,80,376**	**-**	**-**	**18,35,037**	**3,28,80,376**
Net increase in cash and cash equivalents	**2,43,955**	**43,71,210**	**-**	**-0**	**2,43,955**	**43,71,210**
Cash and cash equivalents on 1st January	-	-	-	-	-	-
Cash and cash equivalents as on 31 December	**2,43,955**	**43,71,210**	**-**	**-0**	**2,43,955**	**43,71,210**

3. Main accounting practices
3.1 Financial instruments

a) Financial assets

i) Classification and measurement

According to CPC 48, financial instruments are classified into three categories: measured at amortized cost; at fair value through other comprehensive income (“VJORA”) and at fair value through income (“VJR”).

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows and the business model for managing these financial assets. The Company presents financial instruments according to the aforementioned categories:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets held for trading, financial assets designated on initial recognition at fair value through profit or loss or financial assets to be mandatorily measured at fair value. Financial assets with cash flows other than payments of principal and interest are classified and measured at fair value through profit or loss. The net changes in fair value are recognized in profit or loss.

Amortized cost

A financial asset is classified and measured at amortized cost, when its purpose is to receive contractual cash flows and generate cash flows that are “exclusively principal and interest payments” on the principal amount outstanding. This assessment is performed at the instrument level. Assets measured at amortized cost value use the effective interest method, less any impairment loss. Interest income is recognized by applying the effective interest rate, except for short-term credits when the recognition of interest would be immaterial.

As on December 31, 2019 and 2018, the financial assets classified in this category are related to cash and banks (notes 6 and 20.1).

ii) Reduction to the recoverable amount of financial assets (impairment)

According to CPC 48, the “expected loss” model applies to financial assets measured at amortized cost or at fair value through other comprehensive income, with the exception of investments in equity instruments.

iii) Write-off of financial assets

Derecognition of a financial asset occurs when contractual rights to the asset's cash flows expire, or when the rights to receive contractual cash flows on a financial asset are transferred to a third party in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest that is created or retained by the Company in such transferred financial assets is recognized as a separate asset or liability.

b) Financial liabilities

Financial liabilities are classified at fair value through profit or loss when they are held for trading or designated at fair value through profit or loss. Other financial liabilities (including loans) are measured at amortized cost

3.2 Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments and not for investment or other purposes. Financial investments that are readily convertible into a known amount of cash and subject to an insignificant risk of change in value are considered cash equivalents. Therefore, an investment typically qualifies as a cash equivalent when it matures in three months or less from the contract date.

3.3 Concession asset - contractual

As provided for in the concession contract, the concessionaire acts as a service provider. The concessionaire implements, expands, reinforces or improves the infrastructure (infrastructure implementation services) used to provide a public service in addition to operating and maintaining this infrastructure (operation and maintenance services) for a certain period of time. The energy transmission company is remunerated for the availability of the infrastructure during the concession period (note 9).

The concession contract does not transfer to the concessionaire the right to control the use of public services infrastructure. Only the assignment of possession of these assets for the performance of public services is foreseen, with the assets reverting to the Granter after the termination of the respective contract. The concessionaire has the right to operate the infrastructure for the provision of public services on behalf of the Granter, under the

The concessionaire must record and measure the revenue from the services it provides in accordance with Technical Pronouncements CPC 47 – Revenue from Customer Contracts and CPC 48 – Financial Instruments and ICPC 01 (R1) – Concession Contracts. If the concessionaire performs more than one service governed by a single contract, the remuneration received or receivable must be allocated to each performance obligation based on the values related to the services provided if the values are separately identifiable.

The concession asset records amounts receivable referring to the implementation of the infrastructure and revenue from the remuneration of the concession assets and operation and maintenance services, classified as:

a) Concession asset - financial

The activity of operating and maintaining the transmission infrastructure starts after the end of the construction phase and its entry into operation. The recognition of accounts receivable and related income only arises after the performance obligation is completed on a monthly basis. Therefore, these receivables, recorded under “O&M services”, are considered a financial asset at amortized cost.

b) Concession asset - contractual

The Company's concession was classified within the contractual asset model, as of January 1, 2018, pursuant to the adoption of CPC 47 - Revenue from Contracts with Customers. The contractual asset originates insofar as the concessionaire satisfies the obligation to build and implement the transmission infrastructure, with revenue recognized over the time of the project, but the receipt of the cash flow is conditioned to the satisfaction of the performance obligation of operation and maintenance.
Monthly, as the Company operates and maintains the infrastructure, the portion of the contractual asset equivalent to that month's consideration for meeting the performance obligation to build becomes a financial asset, as nothing more than the passage of time will be required for the said amount to be received. The benefits of this asset are future cash flows (note 9)

The contractual asset value of power transmission concessionaires is formed by the present value of their future cash flows. Future cash flow is estimated at the beginning of the concession, or upon its extension, and the assumptions for its measurement are reviewed in the Periodic Tariff Review (RTP).
Cash flows are defined based on the Allowed Annual Revenue (RAP), which is the consideration that concessionaires receive for providing the public transmission service to users. These receipts amortize investments in this transmission infrastructure and any non-amortized investments (reversible assets) generate the Concession Authority's right to indemnification at the end of the concession contract. This flow of receipts is (i) remunerated at the rate that represents the financial component of the business, established at the beginning of each project, (ii) updated by the IPCA.
The implementation of the infrastructure, an activity performed during the construction phase, is entitled to consideration linked to the performance of completion of the work and the performance obligations to operate and maintain, and not only the passage of time, being the recognition of the revenue and costs of the works, related to the formation of this asset, through the expenses incurred.
Revenues from infrastructure implementation and revenue from the remuneration of concession assets are subject to the deferral of the Social Integration Program - PIS and the cumulative Contribution for Social Security Financing - COFINS, recorded in the “Deferred Taxes” account in non-current liabilities.

3.4 Other current and non-current assets
An asset is recognized in the balance sheet when it is probable that its future economic benefits will be generated and its cost or value can be reliably measured.

3.5 Current and non-current liabilities
A liability is recognised in the balance sheet when the company has a legal obligation or constituted as a result of a past event, and it is probable that an economic resource is required to settle it. Provisions are recorded based on the best estimates of the risk involved.
They are stated at known or estimated amounts, plus, when applicable, the corresponding charges, monetary and/or exchange variations incurred up to the balance sheet date.

3.6 Adjustment to present value of assets and liabilities

Non-current monetary assets and liabilities are adjusted to their present value. The adjustment to present value of current monetary assets and liabilities is calculated, and only recorded, if considered relevant in relation to the financial statements taken as a whole. For the purposes of recording and determining materiality, the adjustment to present value is calculated taking into account contractual cash flows and the implied interest rate of the respective assets and liabilities.

3.7 Provision for impairment

The Management annually reviews the net book value of financial and non-financial assets in order to assess events or changes in economic, operational or technological circumstances that may indicate deterioration or loss of their recoverable value. When such evidence is identified, and the net book value exceeds the recoverable value, a provision for loss is created, adjusting the net book value to the recoverable value and the respective provisions are presented in the explanatory notes. For the year, there was no identification of assets to have adjustments to their recoverable value.

3.8 Revenue recognition

Revenues are recognized when or as the entity satisfies the performance obligations assumed in the contract with the customer, and only when there is an approved contract; it is possible to identify the rights; there is commercial substance and it is likely that the entity will receive the consideration to which it is entitled. The revenues of the Company are classified into the following groups:

a) Infrastructure revenue

It refers to infrastructure implementation services, expansion, reinforcement and improvement of electricity transmission facilities. Infrastructure revenues are recognized according to the expenses incurred and calculated by adding the PIS and COFINS rates to the investment value, since the projects include sufficient margin to cover the infrastructure implementation costs and charges, considering that a good part of its facilities are implemented through outsourced contracts with unrelated parties. Positive or negative variations in relation to the estimated margin are allocated to the result at the end of each work.

The entire construction margin is recognized during construction and positive or negative variations are immediately allocated to income, when incurred. To estimate the Construction Revenue, the Company used a model that calculates the cost of financing the customer (in this case, the Granting Authority). The rate defined for the net present value of the construction (and operation) margin is defined at the beginning of the project and does not undergo subsequent changes, being calculated according to the customer's credit risk and financing term.

b) Concession asset remuneration

Refers to interest recognized under the straight-line method based on a discount rate of 11.86% (NTN-B + IPCA + premium) which represents the remuneration of investments in transmission infrastructure, considering the specifics of the business. The rate seeks to price the financial component of the contractual asset, determined on the start date of each concession contract and does not undergo further changes.. The rate is based on the amount to be received from the future cash flow.

3.9 Operating expenses

Operating expenses are recognized and measured on an accrual basis, presented net of the respective PIS and COFINS credits, when applicable. The company classifies its operating expenses in the Income Statement by function, that is, segregating between costs and expenses according to their origin and function performed, in accordance with the requirements of article 187 of law 6,404/76. Expenses incurred for infrastructure implementation are recognized as assets as they result in future economic benefits.

3.10 Income tax and social contribution

Current

The amount of income tax is calculated on taxable income at the rate of 15%, plus an additional 10% for profits that exceed R$ 240,000 (INR 42,79,792) in the 12-month period, while social contribution is calculated at the rate of 9% on the taxable income recognized on the accrual basis. Therefore, the addition of temporarily non-deductible expenses to the accounting income, or the exclusion of temporarily non-taxable income, considered for the calculation of current taxable income, generate deferred tax credits or debits. The company does not present current tax balances.

Deferred

Deferred tax assets and liabilities are measured at the rates applicable in the period in which the liability is expected to be settled or the asset to be realized, based on the rates provided for in the tax legislation in force at the end of each year, or when a new legislation has been substantially approved.

Deferred tax assets and liabilities are offset only when there is a legal right to offset current tax assets against current tax liabilities and when they are related to taxes administered by the same tax authority and the Company intends to settle the net value of its assets and liabilities current tax.

3.11 Income Taxes

a) Taxes on services

Revenues, expenses and assets are recognized net of taxes on services, except when sales taxes incurred on the purchase of goods or services are not recoverable from the tax authorities, in which case the tax on services is recognized as part of the acquisition cost of the asset or expense item, as the case may be.

3.12 Financial expenses and income

Financial income basically comprises interest income on financial investments and is recognized in income using the effective interest method. Financial expenses basically comprise bank expenses, interest, fines and interest expenses on loans and financing, which are recognized using the effective interest rate method. The Company classifies interest as cash flow from financing activities because it is a cost of obtaining financial resources.

4. Issued standards and interpretations, effective on January 1, 2019
The Company adopted the new pronouncements and interpretations, new and/or revised by the CPC, with initial application as of January 1, 2019, which are:

CPC No. 06 (R2) - Leases

CPC 06 (R2) establishes the principles for the recognition, measurement, presentation and disclosure of leasing transactions and requires lessees to account for all leases in accordance with a single balance sheet model, similar to accounting for finance leases under the CPC model 06 (R1).

The Company does not have any contract qualified as a lease.

ICPC 22 - Uncertainty about the treatment of income tax

This interpretation clarifies how to apply the recognition and measurement requirements when there is uncertainty about the acceptance of the treatments adopted by the tax authority, applying the requirements of CPC 32 – Income Taxes.

The Company analyzed the uncertainties related to tax treatments in the calculation of income taxes, together with its internal and external legal advisors and did not identify significant impacts on its financial statements, arising from treatments that could potentially expose the Company to materially probable risks of loss. Upon concluding these studies, the Company's Management assessed that none of the relevant positions adopted underwent any change in the judgment of the probability of losses generated by any questioning by the tax authorities.

5. Standards issued but not yet effective
- CPC 11 - Insurance Contracts
- CPC 15 (R1) - Business Definitions
- CPC 26 (R1) and CPC 23 - Definition of material omission

The Company's Management is in the process of analyzing the impacts of these pronouncements, highlighted above.

6 Cash and cash equivalents

	2019		2018	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**
Banks	42,084	7,46,940	56,728	10,16,458
Financial investments	-	-	1,87,227	33,54,752
	42,084	**7,46,940**	**2,43,955**	**43,71,210**

Financial investments, classified as financial assets at fair value through profit or loss, are of the CDB type, remunerated by the CDI, whose profitability in 2019 was R$413 (INR 7,330) and 2018 was R$233 (INR 4,175).

7. Insurance premium

	2019		2018	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**
Current	2,70,103	47,94,004	2,19,082	39,25,533
Insurance premium	**2,70,103**	**47,94,004**	**2,19,082**	**39,25,533**
Non current	9,45,356	1,67,78,935	10,04,128	1,79,92,066
Insurance premium	**9,45,356**	**1,67,78,935**	**10,04,128**	**1,79,92,066**
Total	**12,15,459**	**2,15,72,939**	**12,23,210**	**2,19,17,599**

The amounts of insurance premium presented refer to indemnity guarantees, in the form of construction, supply or provision of services and are equivalent to the amount insured in the amount of BRL 60,856,250, with initial validity on September 13, 2018 with end of last term on June 17, 2024, with insurance company Swiss RE, as per (note 19).

8. Taxes and contributions to be offset

	2019		2018	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**
Withholding income tax - IRRF	52	923	-	-
PIS to be recovered	25,912	4,59,907	-	-
COFINS to be recovered	1,19,351	21,18,337	-	-
	1,45,315	**25,79,167**	**-**	**-**

9. Concession asset

	2019		2018 (Represented)	
	(BRL)	(INR)	(BRL)	(INR)
Opening balance	40,14,822	7,12,58,273	-	-
Infrastructure implementation revenue	1,13,93,820	20,22,26,632	35,45,459	6,35,27,889
Infrastructure implementation margin	14,08,572	2,50,00,463	3,74,078	67,02,767
Concession asset remuneration	11,89,293	2,11,08,524	95,285	17,07,326
	1,80,06,507	**31,95,93,891**	**40,14,822**	**7,19,37,982**

10. Suppliers

	2019		2018	
	(BRL)	(INR)	(BRL)	(INR)
Suppliers related to infrastructure implementation	9,80,556	1,74,03,692	30,11,555	5,39,61,344
Contractual retentions	92,738	16,45,988	-	-
Provisions for unbilled materials and services	15,94,456	2,82,99,681	-	-
	26,67,750	**4,73,49,361**	**30,11,555**	**5,39,61,344**

11, Taxes and social contributions to be collected

	2019		2018	
	(BRL)	(INR)	(BRL)	(INR)
ISS	941	16,702	3,370	60,384
Third party INSS	5,290	93,891	-	-
CSLL	9,872	1,75,216	-	-
Withholding income tax	2,727	48,401	4,425	79,288
Other taxes and contributions withheld at source	11,867	2,10,625	14,244	2,55,225
	30,697	**5,44,835**	**22,039**	**3,94,897**

12, Salaries and social charges

	2019		2018	
	(BRL)	(INR)	(BRL)	(INR)
Vacation, 13th salary	2,71,237	48,14,131	-	-
Social charges	3,03,178	53,81,046	-	-
Bonus provision	2,05,214	36,42,302	-	-
	7,79,629	**1,38,37,479**	**-**	**-**

13. Deferred taxes

a) Deferred income tax and social contribution

	2019		2018 (Represented)	
	(BRL)	(INR)	(BRL)	(INR)
Differed income tax	4,81,170	85,40,190	-	-
Deferred social contribution	1,73,221	30,74,465	-	-
Total deferred tax assets	**6,54,391**	**1,16,14,655**	**-**	**-**
Differed income tax	-	-	69,547	12,46,150
Deferred social contribution	-	-	2,408	43,147
Total deferred income tax and social contribution	**-**	**-**	**71,955**	**12,89,297**
Deferred PIS (i)	2,97,107	52,73,293	66,245	11,86,985
Deferred COFINS (i)	13,68,495	2,42,89,144	3,05,126	54,67,278
Total PIS and COFINS deferred	**16,65,602**	**2,95,62,437**	**3,71,371**	**66,54,263**
Total deferred tax liabilities	**16,65,602**	**2,95,62,437**	**4,43,326**	**79,43,560**

Taxes are presented in the balance net between deferred assets and liabilities.

The balance of deferred PIS and COFINS presented are recognized on the revenue from infrastructure implementation and on the remuneration of the contractual asset calculated on the contractual financial asset at the rate of 9.25%, the payment will occur as the Company receives the considerations from the RAP according to IN 1700/17.

b) Reconciliation of the effective rate of deferred income tax and social contribution

	2019		2018 (Represented)	
	(BRL)	(INR)	(BRL)	(INR)
Profit (loss) before income tax and social contribution	(24,30,501)	(4,33,41,828)	2,81,971	51,41,436
Deferred income tax and social contribution	**34%**	**34%**	**34%**	**34%**
Expected income tax and social contribution	8,26,370	1,47,36,215	(95,870)	(17,48,086)
Permanent differences	(1,00,024)	(17,83,675)	23,915	4,36,064
Deferred income tax and social contribution	**7,26,346**	**1,29,52,541**	**(71,955)**	**(13,12,021)**
Effective rate	**30%**	**30%**	**26%**	**26%**

Deferred income tax and social contribution balances arise from temporary differences on pre-operating expenses and may be excluded in monthly fixed quotas within 5 (five) years from the start of operations.

The balances of deferred income tax and social contribution liabilities on revenue from contracts with customers - CPC 47, are recognized on the infrastructure implementation margin and remuneration of the contractual asset, and will be taxed in proportion to the operations, considering the provisions of Law 12973 and Normative Instruction 1,700.

14. Equity

a) Social capital

On March 29, 2019, there was a capital increase of R$3,956,000 (INR 6,97,15,796.80) through the issuance of

3,956,000 registered common shares subscribed and paid-in, with a nominal value of R$1.00 each, according to the Minutes of the Extraordinary General Meeting held on that date.

On June 30, 2019, there was a capital increase of R$4,454,037 (INR 79,723,253.67), through the issuance of
4,454,037 registered common shares subscribed and paid-in, with a nominal value of R$1.00 each, according to the Minutes of the Extraordinary General Meeting held on that date.

On September 30, 2019, there was a capital increase of R$3,602,963 (INR 61,238,481.22), through the issuance of 3,603,926 subscribed and paid-in common shares, with a nominal value of R$1.00 each, according to the Minutes of the Extraordinary General Meeting held on that date.

On December 27, 2019, there was a capital increase of R$2,815,000 (INR 4,97,00,514), through the issuance of 2,815,000 registered and paid-in common shares, with a par value of R$1.00 each, according to the Minutes of the Extraordinary General Meeting held on that date.

As of December 31, 2019, the Company's subscribed and paid-in capital is R$16,664,000 (INR 29,57,66,003), divided into 16,664,000 subscribed and paid-in common shares, with a nominal value of R$1.00 each.

b) Profit reserves

	2019		2018 (Represented)	
	(BRL)	(INR)	(BRL)	(INR)
Opening balance	2,10,016	38,29,414	-	-
Legal reserve (i)	-	-	38,613	7,04,066
Profit retention reserve (ii)	-	-	1,71,403	31,25,348
FCTR	-	(84,311)	-	-
Absorption of the loss (iii)	(2,10,016)	(37,45,103)	-	-
Total reserves	**-**	**(0)**	**2,10,016**	**38,29,414**

i. Legal reserve limited to 5% of net income for the year, limited to 20% of capital stock before allocation.
ii. Profit retention reserve corresponds to the portion of net income for the year in excess of the legal reserve and the minimum mandatory dividend. The Management proposes the constitution of a profit retention reserve pursuant to article 196 of Law 6.404/76. The General Meeting of shareholders must approve or not the maintenance of this reserve.
iii.. The reserves constituted in 2018 were absorbed by the loss presented in 2019.

c) Accumulated losses

The Company presents accumulated losses after the absorption of profit reserves in the amount of R$1,494,139 (INR 2,65,19,174)as of December 31, 2019.

15. Net operating revenue

	2019		2018 (Represented)	
	(BRL)	(INR)	(BRL)	(INR)
Gross revenue				
Infrastructure implementation revenue	1,13,93,820	20,31,79,915	35,45,459	6,46,47,604
Infrastructure implementation margin	14,08,572	2,51,18,313	3,74,078	68,20,907
Concession asset remuneration	11,89,293	2,12,08,028	95,285	17,37,419
Total of gross revenue	**1,39,91,685**	**24,95,06,256**	**40,14,822**	**7,32,05,930**
Revenue taxes				
Deferred PIS on infrastructure implementation	(1,87,998)	(33,52,468)	(58,500)	(10,66,684)
Deferred PIS on the infrastructure implementation margin	(19,623)	(3,49,926)	(6,172)	(1,12,540)
Deferred PIS on the remuneration of the concession asset	(23,241)	(4,14,444)	(1,573)	(28,682)
Deferred COFINS on infrastructure implementation revenue	(8,65,931)	(1,54,41,686)	(2,69,455)	(49,13,220)
Deferred COFINS on the infrastructure implementation margin	(90,386)	(16,11,805)	(28,430)	(5,18,390)
Deferred COFINS on the remuneration of the concession asset	(1,07,052)	(19,09,001)	(7,241)	(1,32,032)
	(12,94,231)	**(2,30,79,331)**	**(3,71,371)**	**(67,71,548)**
Net operating revenue	**1,26,97,454**	**22,64,26,925**	**36,43,451**	**6,64,34,382**

16. Infrastructure implementation cost

	2019		2018	
	(BRL)	(INR)	(BRL)	(INR)
Personal	50,53,633	9,01,18,742	-	-
Third party services	26,31,009	4,69,17,380	28,87,310	5,26,46,970
Environmental expenses	3,98,906	71,13,478	3,30,194	60,20,730
Buildings	19,63,638	3,50,16,509	-	-
Others	2,92,706	52,19,670	-	-
	1,03,39,892	**18,43,85,779**	**32,17,504**	**5,86,67,700**

17, General and Administrative Expenses

	2019		2018	
	(BRL)	(INR)	(BRL)	(INR)
Personal	22,24,628	3,96,70,605	-	-
Third party services	13,87,148	2,47,36,270	71,100	12,96,431
Rents	4,21,035	75,08,093	33,004	6,01,792
Taxes	7,879	1,40,502	250	4,558
Insurance	3,23,471	57,68,286	39,665	7,23,248
Depreciation and amortization	40,981	7,30,792	-	-
Others (i)	3,86,395	68,90,376	172	3,136
	47,91,537	**8,54,44,924**	**1,44,191**	**26,29,167**

The general and administrative expenses presented refer substantially to consulting services, payroll and amortization of prepaid insurance expenses.

The balance presented in this item in 2019, BRL 239,516 refers to the write-off, net of depreciation of intangible assets with the implementation of the SAP project, and BRL 103,935 refers to the write-off of fixed assets related to administrative equipment.

18. Financial income

	2019		2018	
Financial income	(BRL)	(INR)	(BRL)	(INR)
Income from financial investments	413	7,365	233	4,249
Other financial income	4,862	86,701	-	-
	5,275	**94,066**	**233**	**4,249**
Financial expenses				
IOF	(415)	(7,400)	(18)	(328)
Others	(1,386)	(24,716)	-	-
	(1,801)	**(32,116)**	**(18)**	**(328)**
Financial result	**3,474**	**61,950**	**215**	**3,920**

19. Insurance
The Company has an insurance contract guaranteeing indemnity, up to the amount fixed in the policy, for losses arising from the breach of the obligations assumed by the Company in the main contract, arising from Auction Notice No. 002/2018-ANEEL, as well as fines and indemnities due to the Public Administration. (note7)

20. Financial instruments
The management of the financial instruments of the Company is carried out through operating strategies and internal controls, aiming at safety, profitability and liquidity. The control policy of the Company is previously approved by the Executive Board.

The book values of financial instruments, assets and liabilities, when compared with the values that could be obtained from their trading in an active market or, in the absence thereof, and the net present value adjusted based on the current market interest rate, approximate substantially of their corresponding market values. The Company classifies financial instruments, as required by CPC 46:

Level 1 – quoted prices (unadjusted) in active, liquid and visible markets for identical assets and liabilities that are accessible at the measurement date;

Level 2 – quoted prices (which may or may not be adjusted) for similar assets or liabilities in active markets, other inputs not observable at level 1, directly or indirectly, in terms of the asset or liability; and

Level 3 – assets and liabilities whose prices do not exist or whose prices or valuation techniques are supported by a small or non-existent, unobservable or liquid market. At this level, the fair value estimate becomes highly subjective.

The fair value of receivables does not differ from the book balances, as they have monetary restatement consistent with market rates and/or are adjusted by the provision for impairment, therefore, we do not present a comparative table between the book and fair values of financial instruments.

The financial instruments of the Company, included in the balance sheet, are classified hierarchically at level 2 and are presented at their contractual value, which is close to market value.

20.1 Classification of financial instruments by category

	Level	2019		2018	
Assets measured at amortized cost		**BRL**	**INR**	**BRL**	**INR**
Banks	2	42,084	7,46,940	56,728	10,16,458

	Level	2019		2018	
Liabilities measured at amortized cost		**BRL**	**INR**	**BRL**	**INR**
Suppliers	2	26,67,750	4,73,49,361	30,11,555	5,39,61,344

	Level	2019		2018	
Assets measured through profit or loss		**BRL**	**INR**	**BRL**	**INR**
Financial investments	2	-	-	1,87,227	33,54,752

21. Capital management
The Company uses its own capital to finance its activities. Additionally, the Company monitors its capital structure and adjusts it, considering changes in economic conditions. The main objective of the Administration is to ensure sufficient funds for the continuation of the works.

22. Risk Management

The financial operations of the Company are carried out through the financial area in accordance with a conservative strategy, aiming at security, profitability and liquidity, and previously approved by the Executive Board of the Group. The main market risk factors that could affect the business of the Company are:

a) Interest rate risks

Interest rate risks relate to the possibility of changes in the fair value of contracts if such rates do not reflect current market conditions. Although the Company constantly monitors these indices, so far it has not identified the need to contract financial instruments to protect against interest rate risk.

b) Price risks

The Company's revenues are under the terms of the RAP concession contract, adjusted annually by ANEEL.

c) Exchange risks

The Company periodically monitors its exchange exposure and so far has not identified the need to contract financial instruments for protection.

d) Liquidity risk

The Company monitors the risk of shortage of resources through a recurring liquidity planning tool. The objective of the Company is to maintain the balance between the continuity of resources and flexibility through overdraft accounts and bank financing. The policy is that amortizations are distributed over time in a balanced way.

The cash flow forecast is performed centrally by the Management of the Company through monthly reviews. The objective is to generate enough cash to meet the operating, costing and investment needs of the Company.

23. Subsequent events
a) Capital increase

On March 06, 2019, there was a capital increase of R$1,958,000 (INR 35,724,689), through the issuance of 1,958,000 subscribed and paid-in common shares, with a nominal value of R$1.00 each, according to the Minutes of the Extraordinary General Meeting held on that date.

b) Impacts of COVID (Coronavirus) on the Company's business

The Company's Management is monitoring the possible impacts of COVID 19 on its business. Additionally, the possible impacts on the balances were evaluated, disclosed below:

The Company mitigates the risks of financial market volatility by investing in investments that have a fixed remuneration, in view of its conservative profile.

Currently, there is no forecast of delay in constructions that could affect the infrastructure revenues included in their estimates for recoverability of deferred income tax.

On the date of these financial statements, it is not possible to measure other risks that may arise and consequently result in any losses that this pandemic may generate on its estimates or on the Company's business.

24. Currency Translation

Financial statements have been translated from Brazilian Reais to Indian Rupees using average rate of 1BRL= INR 17.832467 for Income Statement and closing rate 1 BRL= INR 17.7488 for statement of Financial Position. Share Capital has been translated to INR using the currency rate applicable on the date of Capital infusion.