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 SE Vineyards 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 16:48:37 +05'30'
per Kumar Nagmani
Partner
Membership Number: 506310
UDIN: 21506310AAAAGB9607
Place: Gurgaon
Date: August 09, 2021

São Paulo Corporate Towers
Av. Presidente Juscelino Kubitschek, 1,909
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A free translation from Portuguese into English of Independent auditor's report on financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil

Independent auditor's report on financial statements

To the Shareholders, Board of Directors and Officers of
SE Vineyards Transmissão de Energia S.A.
São Paulo – SP

Opinion

We have audited the financial statements of SE Vineyards Transmissão de Energia S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2019, and the statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SE Vineyards Transmissão de Energia S.A. as at December 31, 2019, and its financial performance and respective cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter – Restatement of corresponding figures

As mentioned in Note 2.5, as a result of (i) the remeasurement of the contract asset due to the change in the discount rate applied upon the initial adoption of CPC 47; and (ii) the adjustment due to the reconciliation of certain book balances, the corresponding prior-year figures, presented for comparison purposes, were adjusted and are restated as provided for in NBC TG 23 - Accounting Practices, Changes in Accounting Estimates and Errors. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

São Paulo, March 31, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP034519/O-6

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

SE Vineyards Transmissão de Energia S.A.

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

	Note	2019		2018 (restated)	
Assets		**(BRL)**	**(INR)**	**(BRL)**	**(INR)**
Current assets					
Cash and cash equivalents	6	11,38,09,108	2,01,99,75,096	3,18,669	57,09,943
Taxes and contributions to be offset		8,62,616	1,53,10,399	6,882	1,23,312
Insurance premium		3,27,921	58,20,204	2,85,058	51,07,698
Advances to suppliers and employees	7	1,77,982	31,58,967	2,43,617	43,65,154
Concession assets	8	3,48,49,540	61,85,37,516	-	-
Other		-	-	78,559	14,07,628
Total current assets		**15,00,27,167**	**2,66,28,02,182**	**9,32,785**	**1,67,13,735**
Noncurrent assets					
Long-term receivables					
Insurance premium		5,65,316	1,00,33,681	8,57,730	1,53,68,892
Advances to suppliers	7	33,45,322	5,93,75,451	2,17,41,565	38,95,67,536
Concession assets	8	25,87,42,608	4,59,23,70,801	6,41,29,704	1,14,90,82,449
Other		-	-	16,23,964	2,90,98,349
		26,26,53,246	**4,66,17,79,933**	**8,83,52,963**	**1,58,31,17,226**
Intangible assets		-	-	64,530	11,56,255
		-	**-**	**64,530**	**11,56,255**
Total noncurrent assets		**26,26,53,246**	**4,66,17,79,933**	**8,84,17,493**	**1,58,42,73,481**
Total assets		**41,26,80,413**	**7,32,45,82,114**	**8,93,50,278**	**1,60,09,87,216**
Liabilities and equity					
Current liabilities					
Trade accounts payable	9	1,95,08,940	34,62,60,274	1,14,95,148	20,59,71,211
Taxes and social contributions		13,70,780	2,43,29,700	9,07,869	1,62,67,288
Salaries and social charges		3,03,183	53,81,134	11,07,900	1,98,51,463
Loans and debentures	10	-	-	2,77,78,916	49,77,45,395
Mandatory minimum dividends		2,52,311	44,78,217	-	-
Deferred PIS and COFINS		32,23,582	5,72,14,712	-	-
Total current liabilities		**2,46,58,796**	**43,76,64,038**	**4,12,89,833**	**73,98,35,357**
Noncurrent liabilities					
Debentures	10	24,94,58,579	4,42,75,90,427	-	-
Deferred income and social contribution taxes	11	1,66,42,389	29,53,82,434	30,00,255	5,37,58,869
Deferred PIS and COFINS	11	2,48,43,700	44,09,45,863	68,42,004	12,25,95,712
Total noncurrent liabilities		**29,09,44,668**	**5,16,39,18,723**	**98,42,259**	**17,63,54,581**
Equity					
Capital	12a	6,50,10,641	1,22,53,13,392	3,24,58,641	61,07,51,163
Profit Reserve	12b	3,20,66,308	57,18,21,350	57,59,545	10,74,26,726
Accumulated Profit/ (Losses)		-	(7,41,35,389)	-	(3,33,80,611)
Total equity		**9,70,76,949**	**1,72,29,99,352**	**3,82,18,186**	**68,47,97,278**
Total liabilities and equity		**41,26,80,413**	**7,32,45,82,114**	**8,93,50,278**	**1,60,09,87,216**

See accompanying notes.

SE Vineyards 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	13	20,82,37,166	3,71,33,82,321	5,50,29,755	1,02,64,12,239
Infrastructure implementation cost	14	(15,36,44,509)	(2,73,98,60,585)	(4,36,31,410)	(81,38,10,878)
Gross profit		**5,45,92,657**	**97,35,21,736**	**1,13,98,345**	**21,26,01,361**
Operating expenses					
General and administrative expenses	15	(48,19,393)	(8,59,41,665)	(6,98,188)	(1,30,22,568)
Income before finance income (costs) and income taxes		**4,97,73,264**	**88,75,80,071**	**1,07,00,157**	**19,95,78,793**
Finance income		32,38,331	5,77,47,430	91,718	17,10,720
Finance costs		(1,28,10,387)	(22,84,40,799)	(16,54,109)	(3,08,52,358)
	16	**(95,72,056)**	**(17,06,93,370)**	**(15,62,391)**	**(2,91,41,639)**
Income before income and social contribution taxes		**4,02,01,208**	**71,68,86,702**	**91,37,766**	**17,04,37,155**
Deferred income and social contribution taxes	11	(1,36,42,134)	(24,32,72,900)	(26,99,965)	(5,03,59,612)
Net income for the year		**2,65,59,074**	**47,36,13,802**	**64,37,801**	**12,00,77,542**
Other Comprehensive Income					
Gain/(Loss) on Foreign Currency Translation		-	(31,76,090)	-	(42,20,493)
Total comprehensive Loss for the year		**2,65,59,074**	**47,04,37,712**	**64,37,801**	**11,58,57,049**

See accompanying notes.

SE Vineyards Transmissão de Energia S.A.

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

	Subscribed capital		(-) Unpaid capital		Proposed capital increase		Legal reserve		Retained profits reserve		Retained earnings (accumulated losses)		Total	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**
Balances at December 31, 2017	1,000	19,268	(900)	(17,341)	10,542	2,10,508	200	3,994	110	2,197	-	(7,605)	10,952	2,11,020
Capital increase according to the SGM held on July 31, 2018	3,00,000	54,63,750	-	-	-	-	-	-	-	-	-	-	3,00,000	54,63,750
Capital increase according to the SGM held on October 31, 2018	1,24,80,541	24,79,54,652	-	-	(10,542)	(2,09,441)	-	-	-	-	-	-	1,24,69,999	24,77,45,211
Capital increase according to the SGM held on December 27, 2018	1,96,78,459	35,73,39,169	(459)	(8,335)	-	-	-	-	-	-	-	-	1,96,78,000	35,73,30,834
Net income for the year	-	-	-	-	-	-	-	-	-	-	64,37,801	12,00,77,542	64,37,801	12,00,77,542
Adoption of CPC 47, effective from January 01, 2018	-	-	-	-	-	-	-	-	(6,78,566)	(1,26,56,579)	-	-	(6,78,566)	(1,26,56,579)
Foreign Currency Translation Reserve	-	(2,91,55,313)	-	1,325	-	(1,067)	-	(263)	-	(145)	-	(42,19,018)	-	(3,33,74,481)
Set-up of legal reserve	-	-	-	-	-	-	7,23,469	1,34,94,108	-	-	(7,23,469)	(1,34,94,108)	-	-
Set-up of retained profit reserves	-	-	-	-	-	-	-	-	57,14,332	10,65,83,416	(57,14,332)	(10,65,83,435)	-	(19)
Balances at December 31, 2018 (restated)	**3,24,60,000**	**58,16,21,526**	**(1,359)**	**(24,351)**	-	-	**7,23,669**	**1,34,97,838**	**50,35,876**	**9,39,28,888**	-	**(42,26,623)**	**3,82,18,186**	**68,47,97,278**
Capital increase according to the SGM held on February 28, 2019	3,25,50,641	61,45,36,572	-	-	-	-	-	-	-	-	-	-	3,25,50,641	61,45,36,572
Paid-in capital	-	-	1,359	25,657	-	-	-	-	-	-	-	-	1,359	25,657
Net income for the year	-	-	-	-	-	-	-	-	-	-	2,65,59,074	47,36,13,802	2,65,59,074	47,36,13,802
Foreign Currency Translation Reserve	-	(4,22,97,233)	-	(1,306)	-	-	-	(5,93,035)	-	(41,26,816)	-	15,43,761	-	(4,54,74,629)
Mandatory minimum dividends	-	-	-	-	-	-	-	-	-	-	(2,52,311)	(44,99,327)	(2,52,311)	(44,99,327)
Set-up of legal reserve	-	-	-	-	-	-	13,27,954	2,36,80,695	-	-	(13,27,954)	(2,36,80,695)	-	-
Set-up of retained profit reserves	-	-	-	-	-	-	-	-	2,49,78,809	44,54,33,779	(2,49,78,809)	(44,54,33,779)	-	-
Balances at December 31, 2019	**6,50,10,641**	**1,15,38,60,865**	-	-	-	-	**20,51,623**	**3,65,85,499**	**3,00,14,685**	**53,52,35,851**	-	**(26,82,862)**	**9,70,76,949**	**1,72,29,99,352**

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

SE Vineyards Transmissão de Energia S.A.

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

	2019		2018 (restated)	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**
Cash flow from operating activities				
Net income for the year	2,65,59,074	47,36,13,802	64,37,801	12,00,77,542
Adjustments to reconcile net income to cash from (used in) operating activities				
Deferred income and social contribution taxes	1,36,42,134	24,32,72,900	26,99,965	5,03,59,612
Deferred PIS and COFINS	2,12,25,278	37,84,99,062	56,09,094	10,46,20,541
Write-off of PP&E and intangible assets	64,530	11,50,729	-	-
Interest and monetary variations on loans and debentures	1,26,76,466	22,60,52,657	10,31,570	1,92,40,792
Increase (decrease) in assets				
Concession assets	(22,94,62,444)	(4,11,57,45,609)	(6,06,38,849)	(1,12,88,40,095)
Advances to suppliers and employees	1,84,61,878	32,76,76,180	(2,17,95,020)	(39,05,25,348)
Taxes and contributions to be offset	(8,55,734)	(1,51,88,252)	(6,882)	(1,23,312)
Insurance premium	2,49,551	44,29,231	1,32,627	23,76,424
Collaterals and restricted deposits	-	-	(38,999)	(6,98,788)
Other	17,02,524	3,02,17,758	(16,16,117)	(2,89,57,746)
Increase (decrease) in liabilities				
Trade accounts payable	80,13,792	14,22,35,191	1,14,73,768	20,55,88,122
Taxes and charges payable	4,62,911	82,16,115	6,79,962	1,21,83,627
Salaries and social charges	(8,04,718)	(1,42,82,779)	8,12,512	1,45,58,671
Cash flow used in operating activities	**(12,80,64,758)**	**(2,30,98,53,013)**	**(5,52,18,568)**	**(1,02,01,39,957)**
Investing activities				
Acquisition of intangible assets	-	-	**(64,530)**	(11,56,255)
Cash flow used in investing activities	-	-	**(64,530)**	**(11,56,255)**
Financing activities				
Capital increase	3,25,52,000	61,45,62,229	3,24,59,000	61,07,59,498
Loans and debentures raised net of costs of issue	36,44,19,753	6,46,80,13,312	2,19,77,797	39,38,00,364
Payments of interest on loans and debentures	(86,70,981)	(15,38,99,508)	-	-
Repayment of principal on loans and debentures	(14,67,45,575)	(2,60,45,57,862)	-	-
Net cash flow from financing activities	**24,15,55,197**	**4,32,41,18,172**	**5,44,36,797**	**1,00,45,59,863**
Increase (decrease) in cash and cash equivalents, net	**11,34,90,439**	**2,01,42,65,158**	**(8,46,301)**	**(1,67,36,349)**
Cash and cash equivalents at January 1	**3,18,669**	**57,09,943**	**11,64,970**	**2,24,46,292**
Cash and cash equivalents at December 31	**11,38,09,108**	**2,01,99,75,101**	**3,18,669**	**57,09,943**
Changes in cash and cash equivalents	**11,34,90,439**	**2,01,42,65,158**	**(8,46,301)**	**(1,67,36,349)**

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

Translated version of notes to the financial statements for the period ended December 31, 2019 and 2018

1. Operations

1.1 Business purpose

SE Vineyards Transmissão de Energia S.A. ("Company" or "Vineyards") was incorporated on May 26, 2017 as a privately-held corporation engaged specifically and solely in exploring transmission utility concessions, provided by means of implementation, construction, operation, and maintenance of transmission facilities, including support and administrative services, provision of equipment and spare materials, programming, measurements, and other supplementary services required for electric power transmission. These activities are regulated by the Brazilian Electricity Regulatory Agency (ANEEL).

The Company is headquartered at Avenida Doutor Cardoso de Melo, nº 1.308 - 8º andar, in the city and state of São Paulo, and is a subsidiary of Sterlite Brazil Participações S.A. ("Parent Company" or "Sterlite Group"), whose shareholders are: Sterlite Power Grid Ventures Limited ("SPGVL") and Sterlite Grid 5 Limited ("Grid 5"), both based in India.

1.2 Concession

On April 27, 2017, the Sterlite Group won ANEEL Auction No. 005/2016 held by the Brazilian Electricity Regulatory Agency (ANEEL). Concession Arrangement No. 31/2017 was entered into by and between the Company and the Granting Authority on August 11, 2017, and is effective for 30 years from the date of signature. The arrangement ensures Annual Revenue Allowed (RAP) after the commercial operation starts.

The Company plans to implement and explore the venture that comprises the following electric power transmission facilities in the Rio Grande do Sul state:

(i) Lajeado 2 – Lajeado 3 Transmission Line, 230 kV, single circuit, with an approximate length of 16.4 km, originating at the Lajeado 2 Substation and ending at the Lajeado 3 Substation;

(ii) Lajeado 3 Transmission Line - Garibaldi, 230 kV, single circuit, with an approximate length of 47 km, originating at the Lajeado 3 Substation and ending at the Garibaldi Substation;

(iii) Candiota 2 – Bagé 2 Transmission Line, single circuit, with an approximate length of 49 km, originating at the Candiota 2 Substation and ending at the Bagé 2 Substation, through SE Lajeado 3 230/69-13.8 kV, 2 x 83 MVA;

(iv) SE Vinhedos 230/69-13.8 kV, 2 x 165 MVA;

(v) Transformation Unit Connections, Transmission Line Inputs, Interconnections of Bars.

1.3 Annual Revenue Allowed (RAP)

The concession arrangement ensures Annual Revenue Allowed (RAP) in the amount of R$37,979,131 from the start of operation of the transmission lines. The purpose of RAP is to remunerate investments in the concession infrastructure as well as the transmission line operation and maintenance services.

ANEEL will review RAP every five years, beginning in the month of July subsequent to the service concession arrangement execution date.

1.4 Regulatory charges

Pursuant to article 13 of Law No. 9427/96, concessionaires, permission holders and authorized service providers must pay ANEEL directly the annual inspection fee, which is equivalent to 0.4% of the annual benefit earned as a result of the activities carried out.

The Company will invest in research and development, annually, at least 1% of the net operating revenue established in the Electric Sector Accounting Manual, under the terms of Law No. 9991/00, and in accordance with the specific regulation on the matter.

2. Presentation of financial statements

2.1 Basis of preparation and presentation

The financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, which include the Brazilian Corporation Law provisions, and pronouncements, interpretations and guidance issued by the Brazilian Financial Accounting Standards Board (CPC), approved by Brazil's National Association of State Boards of Accountancy (CFC), and provide all significant information specific to the financial statements, and only such information, which is consistent with that used by management.

The Company does not have other comprehensive income, therefore, the only item under total comprehensive income is P&L for the year.

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

The financial statements were approved by management on March 31, 2020.

Based on the facts and circumstances existing on that date, management assessed the Company's ability to continue as a going concern and is convinced that its operations are capable of generating cash flow sufficient to meet its short-term commitments, and thus continue as a going concern in the future. In addition, management is not aware of any material uncertainty that may cast significant doubt as to its ability to continue as a going concern. Therefore, these financial statements were prepared based on the going concern assumption.

2.2 Functional and presentation currency

The items included in the financial statements are measured by the Company's functional currency – the Brazilan real (R$), 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 management to make judgments, using estimates and assumptions based on objective and subjective factors and the opinion of legal advisors, to determine the appropriate amounts for recording certain transactions that affect assets, liabilities, income and expenses. Actual results may differ from those 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.

Critical judgments, estimates and assumptions are related to the following aspects:

- Recognition of deferred tax assets or liabilities (Note 11)
- Accounting for concession contracts

In accounting for concession arrangements, the Company's analyses involve management's judgment, substantially in respect to the applicability of the interpretation related to concession arrangements, determination and classification of revenues from infrastructure implementation, expansion, reinforcements and improvements as contract assets.

Timing of recognition of the contract asset

Management evaluates the timing for recognition of concession assets based on the economic characteristics of each concession contract. The contract asset originates as the concessionaire satisfies the obligation to construct and implement the transmission infrastructure, and revenue is recognized over the project term. The contract asset is recognized against revenue from infrastructure implementation, which is accounted for as expenses are incurred. The portion of the indemnifiable contract asset is identified when the implementation of the infrastructure is completed.

Determination of the contract asset discount rate

The rate applied to the contract asset is the discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception, 13.8% (NTN-B + IPCA + Premium). This rate would reflect the credit characteristics of the party receiving financing under the contract, as well as any guarantee or guarantee provided by the customer or entity, including the assets transferred in the contract. The rate for pricing the financial component of the contract asset is established on the date of commencement of each concession contract. When the Granting Authority revises or updates the revenue that the Company is entitled to receive, the book value of the contract asset is adjusted to reflect the revised flows, and the adjustment is recognized as revenue or expense in P&L.

Determination of infrastructure implementation revenue

When the concessionaire provides infrastructure implementation services, revenue from infrastructure implementation is recognized at fair value and costs related to infrastructure implementation services provided, resulting in profit margin from implementation of the infrastructure when matched against the fair value of the consideration of the services via the Annual Revenue Allowed (RAP). Positive or negative variations in relation to the estimated margin are allocated to P&L as incurred.

Determination of operation and maintenance revenue

After beginning of operations, when the concessionaire provides operation and maintenance services, revenue is recognized at fair value, considering as parameter the amounts estimated by the Granting Authority and the respective costs, according to consideration for the services.

The concessionaire acts as a service provider, as set forth in the concession contract. The concessionaire implements, expands, reinforces, or improves the infrastructure (infrastructure implementation services) used to provide a public service, in addition to operating and maintaining such infrastructure (operation and maintenances services) over a given period. The power transmission company receives compensation for making the infrastructure available over the concession term.

The concession contract does not transfer the right to control the use of the utility infrastructure to the concessionaire. The transfer of ownership of such items only occurs for performance of the utility services, to be reversed to the Granting Authority after termination of the contract. The concessionaire has the right to operate the infrastructure to provide the utility services on behalf of the Granting Authority, under the conditions established in the concession contract.

The concessionaire should record and measure revenue from the services provided in accordance with Accounting Pronouncements CPC 47 – Revenue from Contracts with Customers and CPC 48 – Financial Instruments, and ICPC 01 (R1) – Service Concession Arrangements. Should the concessionaire perform more than one service under a single contract, the compensation received or receivable should be allocated to each performance obligation based on the amounts related to the services rendered, if the amounts are separately identifiable.

The concession asset records receivables referring to implementation of the infrastructure and revenue from compensation of the concession assets.

2.4 Regulatory financial statements

In accordance with the Electricity Sector Accounting Manual (MCSE), 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 from these corporate financial statements.

These regulatory financial statements, as determined in the Electricity Sector Accounting Manual (MSCE) and ANEEL Order No. 4356 of December 22, 2017, must be available at that Agency's and the Company's websites until July 31, 2020, which is the date to which the delivery of these financial statements was postponed.

2.5 Restatement of financial statements

(i) The contract asset was classified within the contractual asset model, as of January 1, 2018, according to adoption of CPC 47 – Revenue from Contracts with Customers.

The Company adopted CPC 47 using the cumulative effect method, with first-time adoption of the standard on January 1, 2018. As a result, the company did not apply the requirements of this CPC to the comparative year presented. The standard also determines that the Company may only account for the effects of a contract with a customer when it is likely that it will receive the consideration to which it will be entitled in exchange for the goods or services that will be transferred.

The Company assessed its operations in light of CPC 47 and, as described in Note 3.10 to the financial statements for the year ended December 31, 2018, concluded that the infrastructure implementation activity is impacted by the CPC, since the right to the consideration for assets and services is conditioned upon compliance with another performance obligation. As a consequence of the application of CPC 47, the Infrastructure Implementation Concession Asset, until then, was classified as a financial asset.

(ii) At March 31, 2019, the discount rate applied was reviewed due to the review of the management's financial flow and plans to sell the project in the operational phase. The efficiency gain rate applied in the infrastructure implementation was changed from 15.60% to 14.78%, impacting the revenue from efficiency gains from the implementation of the infrastructure and the remuneration of the concession assets, as well as taxes levied.

(iii) Additionally, at March 31, 2019, provisions were written off due to the issuance of invoices, which impacted Trade accounts payable and costs accounts and, consequently, the concession asset.

	2018 Published		**Impacts of changing assumptions and accounting policy**		**2018 (Restated)**	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**
Statement of financial position Assets						
Concession assets	9,15,83,788	1,64,10,07,472	(2,74,54,084)	(49,19,25,023)	6,41,29,704	1,14,90,82,449
Assets not affected	2,52,20,574	45,19,04,767	-	-	2,52,20,574	45,19,04,767
Total assets	**11,68,04,362**	**2,09,29,12,239**	**(2,74,54,084)**	**(49,19,25,023)**	**8,93,50,278**	**1,60,09,87,216**
Liabilities						
Liabilities not affected	2,97,94,685	53,38,64,145	-	-	2,97,94,685	53,38,64,145
Trade accounts payable	2,24,83,482	40,28,61,279	(1,09,88,334)	(19,68,90,067)	1,14,95,148	20,59,71,211
Deferred taxes	1,75,97,868	31,53,20,359	(77,55,609)	(13,89,65,778)	98,42,259	17,63,54,581
Total liabilities	**6,98,76,035**	**1,25,20,45,783**	**(1,87,43,943)**	**(33,58,55,845)**	**5,11,32,092**	**91,61,89,938**
Equity						
Income reserves	1,44,69,686	25,92,69,281	(87,10,141)	(15,60,69,177)	57,59,545	10,32,00,103
Items not affected	3,24,58,641	58,15,97,175	-	-	3,24,58,641	58,15,97,175
Total equity	**4,69,28,327**	**84,08,66,456**	**(87,10,141)**	**(15,60,69,177)**	**3,82,18,186**	**68,47,97,279**
Total liabilities and equity	**11,68,04,362**	**2,09,29,12,239**	**(2,74,54,084)**	**(49,19,25,023)**	**8,93,50,278**	**1,60,09,87,216**

	2018 Published		**Impacts of changing assumptions and accounting policy**		**2018 (Restated)**	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**
Statement of profit or loss						
Net operating revenue	7,93,32,952	1,47,97,14,254	(2,43,03,197)	(45,33,02,015)	5,50,29,755	1,02,64,12,239
Cost of operation	(5,34,69,335)	(99,73,07,363)	98,37,925	18,34,96,485	(4,36,31,410)	(81,38,10,878)
General and administrative expenses	(4,07,655)	(76,03,561)	(2,90,533)	(54,19,007)	(6,98,188)	(1,30,22,568)
Finance income (costs)	(15,62,391)	(2,91,41,639)	-	-	(15,62,391)	(2,91,41,639)
IRPJ and CSLL	(87,45,629)	(16,31,23,035)	60,45,664	11,27,63,423	(26,99,965)	(5,03,59,612)
Net income for the year	**1,51,47,942**	**28,25,38,657**	**(87,10,141)**	**(16,24,61,114)**	**64,37,801**	**12,00,77,542**

	Total	
Statement of changes in equity	**(BRL)**	**(INR)**
Equity at December 31, 2018 (published)	12,23,362	2,28,18,087
Effects of restatement on net income for the year	(2,90,730)	(54,22,681)
Equity at December 31, 2018 (restated)	**9,32,632**	**1,73,95,405**

3. Summary of significant accounting practices

3.1 Financial instruments

a) Financial assets

i) *Classification and measurement*

In accordance with CPC 48, financial instruments are classified into three categories: measured at amortized cost; at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL").

Classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows and the business model for management of such financial assets. The Company presents the financial instruments in accordance with the abovementioned categories:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at fair value through profit or loss on initial recognition, or financial assets mandatorily measured at fair value. Financial assets with cash flows that are not exclusively payments of principal and interest are classified and measured at fair value through profit or loss. Net fair value changes are recognized in P&L.

Amortized cost

A financial asset is classified and measured at amortized cost when it is intended to receive contractual cash flows and generate cash flows that are "solely payments of principal and interest (SPPI) on the principal amount outstanding". Such assessment is conducted at the instrument level. Assets measured at amortized cost use the effective interest rate method, less any impairment loss. Interest income is recognized by applying the effective interest rate, except for short-term receivables, when recognition of interest would be immaterial.

At December 31, 2019 and 2018, the financial assets classified under that category are related to cash and banks (Notes 6 and 18.1).

ii) Impairment of financial assets

In accordance with CPC 48, the "expected credit loss" model applies to financial assets measured at amortized cost or at fair value through other comprehensive income, except for investments in equity instruments.

(iii) *Write-off of financial assets*

The write-off (derecognition) of a financial asset occurs when contractual rights to cash flows of the asset expire, or when the rights to receive contractual cash flows on a financial asset in a transaction in which essentially 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 as at fair value through profit or loss when held for trading or designated at fair value through profit or loss. Other financial liabilities (including loans) are measured at amortized cost using the effective interest rate method.

3.2 Cash and cash equivalents

Cash and cash equivalents are held by the Company for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company considers as cash equivalents short-term investments that are readily convertible into a known cash amount and subject to insignificant risk of change in value. Accordingly, an investment normally qualifies as cash equivalent when it is redeemable within three months or less from the investment date.

3.3 Concession assets – contract

The concessionaire acts as a service provider, as set forth in the concession contract. The concessionaire implements, expands, reinforces, or improves the infrastructure (infrastructure implementation services) used to provide a public service, in addition to operating and maintaining such infrastructure (operation and maintenances services) over a given period. The electricity transmission company is remunerated for the availability of the infrastructure during the concession period (Note 8).

The concession contract does not transfer the right to control the use of the utility infrastructure to the concessionaire. The arrangement only defines a beneficial entitlement to the assets so that the public service may be rendered. These assets must be returned to the Granting Authority upon termination of the service concession arrangement. The concessionaire has the right to operate the infrastructure to provide the utility services on behalf of the Granting Authority, under the conditions established in the concession contract.

The concessionaire should record and measure revenue from the services it provides in accordance with Accounting Pronouncements CPC 47 - Revenue from Contracts with Customers, CPC 48 - Financial Instruments and ICPC 01 (R1) - Service Concession Arrangements. Should the concessionaire perform more than one service under a single contract, the compensation received or receivable should be allocated to each performance obligation based on the amounts related to the services rendered, if the amounts are separately identifiable.

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

a) Concession assets - financial

The activity of operating and maintaining the transmission infrastructure begins after the construction and start-up phase thereof has ended. The recognition of accounts receivable and the respective revenue occur only after the performance obligation is completed on a monthly basis, so that these amounts receivable, recorded under "O&M Services", are considered financial assets at amortized cost.

b) Concession assets – contract

The Company's concession was classified within the contractual asset model, as of January 1, 2018, according to adoption of CPC 47 – Revenue from Contracts with Customers. The contract asset originates as the concessionaire satisfies the obligation to construct and implement the transmission infrastructure, and revenue is recognized over the project term. Receipt of the cash flow is conditional upon satisfaction of the performance obligation related to operation and maintenance. Monthly, as the Company operates and maintains the infrastructure, the portion of the contract asset equivalent to the consideration for that month for satisfaction of the performance obligation to build becomes a financial asset, given that the receipt of the amount relies only on the passage of time. The benefits of this asset are the future cash flows (Note 8).

The value of the contract assets of the power transmission concessionaires is calculated by means of the present value of future cash flows. The future cash flow is estimated at the commencement of the concession, or upon its extension, and the measurement assumptions are reviewed on occasion of the Periodic Tariff Review (RTP).

Cash flows are defined based on the Annual Revenue Allowed (RAP), which is the consideration that the concessionaires receive for the provision of the transmission utility service to users. These receipts amortize investments in this transmission infrastructure and any unamortized investments (reversible assets) generate the entitlement to indemnity from the Granting Authority at the end of the concession contract. This flow of receipts is (i) remunerated at the rate representing the financial component of the business, established at the beginning of each project, and (ii) restated by the Extended Consumer Price Index (IPCA).

The implementation of the infrastructure, which is performed during the construction phase, is entitled to the consideration related to the construction work completion performance and the performance obligations to operate and maintain, and not only to the passage of time. Revenue and costs arising from the construction work form this asset are recognized through the expenses incurred.

Revenues from infrastructure implementation services and revenue from remuneration of concession assets are subject to the deferral of cumulative Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS), recorded under “deferred taxes” in noncurrent liabilities.

3.4 Other current and noncurrent assets

An asset is recognized in the statement of financial position when its future economic benefits are generated and its cost or value can be reliably measured.

3.5 Current and noncurrent liabilities

These are stated at known or determinable amounts, plus, when applicable, the corresponding charges, monetary and/or exchange variations incurred up to the statement of financial position date.

A liability is recognized in the statement of financial position when the Company has a legal or constructive obligation arising from a past event, the settlement of which is expected to result in an outflow of economic benefits. Provisions are recorded reflecting the best estimates of the risk involved.

3.6 Present value adjustment of assets and liabilities

Noncurrent monetary assets and liabilities are adjusted to their present value. The present value adjustment of current monetary assets and liabilities is calculated and only recorded when the effect is considered significant in relation to the overall financial statements. For purposes of reporting and determination of significance, the present value adjustment is calculated using contractual cash flows and implicit interest rates of the respective assets and liabilities.

3.7 Dividends

The dividend recognition policy is in line with CPC 24 and ICPC 08 (R1), which determine that proposed dividends that are based on obligations under the Company’s Articles of Incorporation should be recorded in current liabilities. The Company’s Articles of Incorporation establish a mandatory minimum dividend equivalent to 1% of net income for the year, adjusted by the recognition of a legal reserve.

3.8 Provision for impairment

Management annually tests the net book value of financial and non-financial assets to determine whether there are any events or changes in economic, operating, or technological circumstances that may indicate impairment. When such evidence is found, and the net book value exceeds the recoverable amount, a provision for impairment is set up to adjust the net book value to the recoverable amount, and the respective provisions are disclosed in the explanatory notes. No impaired assets were identified for the year.

3.9 Revenue recognition

Revenues are recognized when or as the entity satisfies the performance obligations assumed in the contract with a customer, and only when there is an approved contract; the rights may be identified; there is commercial substance and it is probable that the entity will receive the consideration to which it will be entitled. Revenues are classified into the following groups:

a) Revenue from infrastructure

Refers to services for the implementation of infrastructure, expansion, reinforcement and improvement of electric power transmission facilities. Revenues from infrastructure are recognized as expenses are incurred and calculated by adding PIS and COFINS rates to the investment amount, since the projects incorporate sufficient margin to cover infrastructure implementation costs and charges, considering that a significant part of its facilities is implemented through outsourced contracts with unrelated parties. Positive or negative changes in relation to the estimated margin are allocated to profit or loss when each construction work is completed.

All construction margin is recognized during the construction work and positive or negative changes are immediately allocated to profit or loss when incurred. To estimate Construction Revenue, the Company used a model that calculates the cost to finance the customer (i.e., the Granting Authority). The rate defined for the net present value of the construction (and operation) margin is defined in the beginning of the project and is not subject to subsequent changes, and is calculated according to the customer's credit risk and the financing term.

b) Remuneration of concession assets

Refers to interest recognized using the straight-line method based on a discount rate of 13.8% (NTN-B + IPCA + premium), which represents the remuneration of investments in the transmission infrastructure, considering the specificities of the business. The rate seeks to price the financial component of the contract asset, determined on the date of commencement of each service concession arrangement and is not subject to subsequent changes. The rate is levied on the amount receivable of future cash inflows.

3.10 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 Statement of Profit or Loss by function, i.e., segregating costs and expenses according to their origin and function, in accordance with the requirements of Article 187 of Law No. 6404/76. Expenses incurred for the implementation of infrastructure are recognized as assets as they result in future economic benefits.

3.11 Income and social contribution taxes

Current

Income tax is calculated at a rate of 15%, plus a 10% surtax on taxable profit exceeding R$240,000 over 12 months, whereas social contribution tax is computed at a rate of 9% on taxable profit, both recognized on an accrual basis. Therefore, additions to book income of temporarily nondeductible expenses or exclusions of temporarily non-taxable income upon determination of current taxable profit generate deferred tax assets or liabilities. The Company records no current tax balances.

Deferred

Deferred tax assets and liabilities are measured at applicable rates in the period in which liabilities are expected to be settled or assets realized, based on rates established in current tax legislation at the end of each reporting period, or when new legislation has been substantially approved.

Deferred tax assets and liabilities are only offset when the legal right to offset current tax asset against current tax liabilities exists, when such taxes are managed by the same tax authorities, and the Company intends to settle the net value of its current tax assets and liabilities.

3.12 Taxes on revenues

a) Service taxes

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

3.13 Finance income (costs)

Finance income basically includes interest income from financial investments and is recognized in P&L using the effective interest rate method. Finance costs basically comprise bank expenses, interest, fines and interest expenses on loans and financing that 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 funds.

4. Standards and interpretations issued, effective at January 1, 2019

The Company adopted the new pronouncements and interpretations recently issued or revised by the Brazilian FASB (CPC), with initial application as of January 1, 2019, which are:

4.1 CPC 06 (R2) – Leases

CPC 06 (R2) establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on- balance sheet model, similar to accounting for financing leases under CPC 06 (R1).

The Company has no contract qualified as a lease.

4.2 ICPC 22 - Uncertainty over Income Tax Treatments

This interpretation clarifies how to apply the CPC 32 recognition and measurement requirements when there is uncertainty over whether the tax authority will accept a specific tax treatment.

The Company analyzed the uncertainties over income tax treatments, with the support of its internal and external legal advisors and did not identify significant impacts on its financial statements resulting from treatments that could potentially expose the Company to materially probable risks of loss. Upon completion of these studies, the Company's management concluded that none of the relevant positions adopted has undergone any changes regarding the judgment of the likelihood of losses arising from possible inquiries by the tax authorities.

5. Standards issued, but not yet effective

- CPC 11 – Insurance Contracts
- CPC 15 (R1) – Definition of a business
- CPC 26 (R1) and CPC 23 - Definition of material omission

The Company's management is currently analyzing the impacts of the abovementioned standards.

6. Cash and cash equivalents	**2019**		**2018**	
-	**(BRL)**	**(INR)**	**(BRL)**	**(INR)**
Banks	1,88,761	33,50,281	3,18,669	57,09,943
Short-term investments	11,36,20,347	2,01,66,24,815	-	-
	11,38,09,108	**2,01,99,75,096**	**3,18,669**	**57,09,943**

Cash equivalents are measured at fair value through profit or loss and have daily liquidity. Short- term investments are Bank Deposit Certificates (CDB) under repurchase agreements, remunerated at the Interbank Deposit Certificate (CDI) rate, whose earnings were R$3,395,835 (INR 6,05,56,114) in 2019 and R$98,465 (INR 18,36,564) in 2018.

7. Advances to suppliers

	2019		**2018**	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**
Advances to employees (i)	1,77,982	31,58,967	2,43,617	43,65,154
Advances to suppliers (ii)	33,45,322	5,93,75,451	2,17,41,565	38,95,67,536
	35,23,304	**6,25,34,418**	**2,19,85,182**	**39,39,32,690**
Current	1,77,982	31,58,967	2,43,617	43,65,154
Noncurrent	33,45,322	5,93,75,451	2,17,41,565	38,95,67,536

(i) At December 31, 2019, the amount recorded in current assets - R$177,982 (INR 31,58,967) and R$243,617 (INR 43,65,154) at December 31, 2018, is related to travel advances paid to employees.

(ii) Refers mainly to funds released to suppliers related to the construction work and subcontractors, in accordance with the contractual payment terms agreed upon provision of materials and services for the construction of the transmission line. When goods and services are delivered, the amounts will be incorporated into the contract asset. Such advances are guaranteed by collaterals received by the respective suppliers.

8. Concession assets	**2019**		**2018 (restated)**	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**
Opening balance	6,41,29,704	1,13,82,25,290	34,90,855	6,25,49,489
Infrastructure implementation revenue	16,93,05,244	3,00,49,64,915	4,80,78,688	86,14,78,739
Infrastructure implementation margin	4,02,83,021	71,49,75,283	99,61,227	17,84,86,262
Remuneration of service concession assets	1,98,74,179	35,27,42,828	25,98,934	4,65,67,959
	29,35,92,148	**5,21,09,08,316**	**6,41,29,704**	**1,14,90,82,449**
Current	3,48,49,540	61,85,37,516	-	-
Noncurrent	25,87,42,608	4,59,23,70,801	6,41,29,704	1,14,90,82,449

9. Trade accounts payable

	2019		**2018 (restated)**	
	(BRL)	**(INR)**	**(BRL)**	**(INR)**
Trade accounts payable related to infrastructure implementation	1,44,62,716	25,66,95,854	1,14,95,148	20,59,71,211
Contract amounts retained	17,41,410	3,09,07,938	-	-
Provisions	33,04,814	5,86,56,483	-	-
	1,95,08,940	**34,62,60,274**	**1,14,95,148**	**20,59,71,211**

10. Loans, debentures and financing

a) Breakdown of loans, debentures and financing is as follows:

Lender	**Charges**	**End date**	**2019**		**2018**	
			(BRL)	**(INR)**	**(BRL)**	**(INR)**
Sterlite Power Grid Ventures Limited	9%		-	-	2,77,78,916	49,77,45,395
2nd issue of debentures (a)	IPCA + 1.70%	07/15/2042	24,94,58,579	4,42,75,90,427	-	-
			24,94,58,579	**4,42,75,90,427**	**2,77,78,916**	**49,77,45,395**
Current			-	-	2,77,78,916	49,77,45,395
Noncurrent			24,94,58,579	4,42,75,90,427	-	-

(a) The Company carried out the second issue of nonconvertible debentures with security interest and additional personal guarantee in December 2019, comprising principal and interest, with repayment of unit par value updated in forty-two (42) semiannual and consecutive installments, observing the grace period of twenty-nine (29) months from the issue date, the first installment falling due on January 15, 2022 and the last one on July 15, 2042, remunerated at the IPCA rate + 1.70% p.a.

The Company had carried out the first issue of nonconvertible debentures with security interest and additional personal guarantee at March 31, 2019 in the amount of R$120,000,000 (INR 2,114,736,000), comprising principal and interest, remunerated at the CDI rate + 1.90%, maturing and to be settled on February 18, 2020. The Company paid that amount in advance, settling the principal balance and interest on December 06, 2019.

b) Changes in loans and debentures

	2019		2018	
	(BRL)	(INR)	(BRL)	(INR)
Opening balance	2,77,78,916	49,30,42,424	47,69,549	8,54,61,256
Intercompany loans taken out	-	-	2,19,77,797	39,38,00,364
Debentures issued (a) and (b)	37,00,00,000	6,56,70,56,000	-	-
Costs of issue	(55,80,247)	(9,90,42,688)	-	-
Allocation of cost of issue of debentures (a) and (b)	20,66,672	3,66,80,948	-	-
Interest accrued	1,06,09,794	18,83,11,112	10,31,570	1,84,83,774
Payment of principal – debentures (b)	(12,00,00,000)	(2,12,98,56,000)	-	-
Payment of interest – debentures (a)	(73,00,680)	(12,95,78,309)	-	-
Payment of principal (related parties)	(2,67,45,575)	(47,47,01,862)	-	-
Payment of interest (related parties)	(13,70,301)	(2,43,21,198)	-	-
Closing balance	**24,94,58,579**	**4,42,75,90,427**	**2,77,78,916**	**49,77,45,395**

At December 31, 2019, there is no event of early maturity of the debt related to covenants. Long-term installments mature as follows:

	2019	
	(BRL)	(INR)
2022	66,13,654	11,73,84,422
2023	75,58,299	13,41,50,737
2024	78,73,494	13,97,45,070
2025	81,88,280	14,53,32,144
2025 to 2042	21,92,24,852	3,89,09,78,053
	24,94,58,579	**4,42,75,90,427**

11. Deferred taxes

a) Deferred taxes

	2019		2018 (restated)	
	(BRL)	(INR)	(BRL)	(INR)
Deferred income tax	1,22,37,051	21,71,92,971	21,32,640	3,82,12,857
Deferred social contribution tax	44,05,338	7,81,89,463	8,67,615	1,55,46,012
Total deferred IRPJ and CSLL	**1,66,42,389**	**29,53,82,434**	**30,00,255**	**5,37,58,869**
Deferred PIS (i)	50,06,596	8,88,61,071	12,20,465	2,18,68,414
Deferred COFINS (i)	2,30,60,686	40,92,99,504	56,21,539	10,07,27,298
Total deferred PIS and COFINS	**2,80,67,282**	**49,81,60,575**	**68,42,004**	**12,25,95,712**
	4,47,09,671	**79,35,43,009**	**98,42,259**	**17,63,54,581**
Current	32,23,582	5,72,14,712	-	-
Noncurrent	4,14,86,089	73,63,28,296	98,42,259	17,63,54,581

The taxes are presented net in the statement of financial position between deferred tax assets and liabilities.

(i) The balance of deferred PIS and COFINS presented is recognized on the revenue from the implementation of infrastructure and remuneration of the contract asset calculated on the contract financial asset at the rate of 9.25%. The payment will occur as the Company receives the considerations from RAP in accordance with Ruling (IN) No. 1700/17.

b) Reconciliation of income and social contribution taxes (IRPJ and CSLL)

	2019		2018 (restated)	
	(BRL)	(INR)	(BRL)	(INR)
Income before IRPJ and CSLL	4,02,01,208	71,68,86,702	91,37,766	17,04,37,155
Statutory rate	34%	34%	34%	34%
Expected income and social contribution taxes	**(1,36,68,411)**	**(24,37,41,484)**	**(31,06,840)**	**(5,79,48,624)**
Permanent differences	26,277	4,68,584	4,06,875	75,89,012
Deferred income and social contribution taxes	**(1,36,42,134)**	**(24,32,72,900)**	**(26,99,965)**	**(5,03,59,612)**
Effective rate	**34%**	**34%**	**30%**	**30%**

The balances of deferred income and social contribution taxes arise from temporary differences on pre-operating expenses and may be excluded in fixed monthly installments and within a period of five (5) years, starting from the beginning of operations.

The balances of income and social contribution tax liabilities on revenue from contracts with customers - CPC 47 - are recognized on the margin of implementation of infrastructure and remuneration of the contract asset, and will be realized in proportion to the operations, considering the revenue and costs of operation, as well as depreciation of concession-related property, plant and equipment, less income and social contribution taxes.

12. Equity

a) Capital

On February 28, 2019, R$32,550,641 (INR 614,536,571) was paid up, divided into 32,550,641 common shares, all registered and with a par value of R$1.00 according to the Minutes of the Special General Meeting held on that date.

The Company's subscribed and paid-up capital amount to R$65,010,641 (INR 1,22,53,13,392) and R$32,458,641 (INR 61,07,52,230) at December 31, 2018, divided into 65,010,641 (65,458,641 at December 31, 2018) subscribed and paid-up registered common shares at the par value of R$1.00 each.

b) Income reserves

	(BRL)	(INR)
Legal reserve (i)	20,51,623	3,65,85,499
Retained profit reserve (ii)	3,00,14,685	53,52,35,851
Total reserves	**3,20,66,308**	**57,18,21,350**

(i) The legal reserve is limited to 5% of net income for the year, capped at 20% of capital before allocation.

(ii) The retained profit reserve corresponds to the portion of net income for the year in excess of the legal reserve and the mandatory minimum dividend. Management proposes the recognition of a retained profit reserve under the terms of article 196 of Law No. 6404/76. The Shareholders' General Meeting must approve whether or not to maintain this reserve.

13. Net operating revenue

	2019		2018 (restated)	
	(BRL)	(INR)	(BRL)	(INR)
Gross revenue				
Infrastructure implementation revenue	16,93,05,244	3,01,91,30,120	4,80,78,688	89,67,61,285
Infrastructure implementation margin	4,02,83,021	71,83,45,629	99,61,227	18,57,96,308
Remuneration of service concession assets	1,98,74,179	35,44,05,635	25,98,934	4,84,75,187
Total gross revenue	**22,94,62,444**	**4,09,18,81,384**	**6,06,38,849**	**1,13,10,32,780**
Taxes on revenues				
Deferred PIS on infrastructure implementation revenue	(27,93,537)	(4,98,15,655)	(7,93,299)	(1,47,96,573)
Deferred PIS on infrastructure implementation margin	(6,64,670)	(1,18,52,706)	(1,64,360)	(30,65,635)
Deferred PIS on remuneration of concession assets	(3,27,924)	(58,47,694)	(42,882)	(7,99,833)
Deferred COFINS on infrastructure implementation revenue	(1,28,67,200)	(22,94,53,915)	(36,53,980)	(6,81,53,852)
Deferred COFINS on infrastructure implementation margin	(30,61,510)	(5,45,94,275)	(7,57,053)	(1,41,20,515)
Deferred COFINS on remuneration of concession assets	(15,10,437)	(2,69,34,817)	(1,97,520)	(36,84,133)
	(2,12,25,278)	**(37,84,99,062)**	**(56,09,094)**	**(10,46,20,541)**
Net operating revenue	**20,82,37,166**	**3,71,33,82,321**	**5,50,29,755**	**1,02,64,12,239**

14. Infrastructure implementation cost

	2019		2018 (restated)	
	(BRL)	(INR)	(BRL)	(INR)
Personnel (a)	6,45,122	1,15,04,117	1,05,64,868	19,70,55,390
Outsourced services	8,14,77,781	1,45,29,49,814	1,55,83,486	29,06,62,402
Machinery and equipment	5,87,24,431	1,04,72,01,458	25,00,000	4,66,29,875
Environmental expenses	22,80,067	4,06,59,219	20,08,303	3,74,58,767
Rights of way	66,24,980	11,81,39,735	74,02,070	13,80,63,040
Buildings	21,40,489	3,81,70,199	42,96,600	8,01,39,968
Other	17,51,639	3,12,36,044	12,76,083	2,38,01,436
	15,36,44,509	**2,73,98,60,585**	**4,36,31,410**	**81,38,10,878**

(a) Changes in expenses with personnel between the years is related to the discharge of employees working on the project after completion of the initial activities, with the reassignment/termination of the employees in early 2019.

15. General and administrative expenses

	2019		2018 (restated)	
	(BRL)	(INR)	(BRL)	(INR)
Personnel	13,04,714	2,32,66,269	2,25,099	41,98,535
Material	3,17,273	56,57,760	4,025	75,074
Outsourced services	21,76,931	3,88,20,049	2,54,443	47,45,858
Leases	2,75,461	49,12,149	1,18,983	22,19,265
Insurance	7,03,148	1,25,38,863	28,440	5,30,461
Other	41,866	7,46,574	67,198	12,53,374
	48,19,393	**8,59,41,665**	**6,98,188**	**1,30,22,568**

16. Finance income (costs)

	2019		2018	
	(BRL)	(INR)	(BRL)	(INR)
Finance income				
Short-term investment yield	32,36,114	5,77,07,895	91,718	17,10,720
Other finance income	2,217	39,535	-	-
	32,38,331	**5,77,47,430**	**91,718**	**17,10,720**
Finance costs				
Interest on loans and debentures	(1,06,09,794)	(18,91,98,798)	(10,31,570)	(1,92,40,792)
Commissions and charges	-	-	(6,20,036)	(1,15,64,880)
Allocation of costs of debentures	(20,66,672)	(3,68,53,860)	-	-
Tax on Financial Transactions (IOF)	(31,726)	(5,65,753)	(2,503)	(46,686)
Other	(1,02,195)	(18,22,389)	-	-
	(1,28,10,387)	**(22,84,40,799)**	**(16,54,109)**	**(3,08,52,358)**
	(95,72,056)	**(17,06,93,370)**	**(15,62,391)**	**(2,91,41,639)**

17. Insurance

The Company has an insurance agreement that guarantees indemnification up to the amount established in the policy, for damages deriving from nonfulfillment of the obligations assumed by the Company in the master agreement, in connection with the ANEEL Bid Notice No. 005/2016, as well as fines and indemnification due to the public administration.

Indemnification guarantees for construction, supply or provision of services total up to the amount insured of R$224,674,000 (INR 3,98,76,93,891) effective from August 02, 2017 to May 08, 2023 with Axa Seguros.

18. Financial instruments

Company financial instruments are managed through operational strategies and internal controls intended to ensure safety, profitability and liquidity. The Company's control policy is previously approved by the Executive Board.

The fair value of receivables does not differ from book balance, since these amounts are monetarily restated consistently with market rates and/or are adjusted by provision for impairment. As such, we do not present a comparative table between book balances and fair value of financial instruments.

Company financial instruments included in the statement of financial position are hierarchically classified into level 2 in accordance with CPC 46 – Fair Value Measurement, and are stated at contract value, which approximates market value.

18.1 Classification of financial instruments by category

Assets measured at amortized cost	**Level**	**2019**		**2018**	
		(BRL)	**(INR)**	**(BRL)**	**(INR)**
Banks	2	1,88,761	33,50,281	3,18,669	57,09,943

Assets measured at FVTPL	**Level**	**2019**		**2018**	
		(BRL)	**(INR)**	**(BRL)**	**(INR)**
Short-term investments	2	11,36,20,347	2,01,66,24,815	-	-

Liabilities measured at amortized cost	**Level**	**2019**		**2018**	
		(BRL)	**(INR)**	**(BRL)**	**(INR)**
Loans and debentures	2	24,94,58,579	4,42,75,90,427	2,77,78,916	49,77,45,395
Trade accounts payable	2	1,95,08,940	34,62,60,274	1,14,95,148	20,59,71,211

Company financial instruments are managed through operational strategies and internal controls intended to ensure safety, profitability and liquidity. The Company's control policy is previously approved by the Executive Board.

The book value of financial instruments, assets and liabilities, when compared to the amounts that could be obtained from their trading in an active market, or in the absence of such markets, using the net present value adjusted for the current market interest rate, substantially approximates the related market value. The Company classifies its financial instruments, as required by CPC 46:

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

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

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

The fair value of receivables does not differ from book balance, since these amounts are monetarily restated consistently with market rates and/or are adjusted by provision for impairment. As such, we do not present a comparative table between book balances and fair value of financial instruments.

Company financial instruments included in the statement of financial position are hierarchically classified into level 2 and stated at contract value, which approximates market value.

19. Risk management

Financial transactions are performed by the finance area using conservative strategies aimed at safety, profitability and liquidity, which are previously approved by the Group's Executive Board. The main market risk factors that could affect the Company's business are as follows:

a) Interest rate risk

Interest rate risks relate to the possibility of changes in the fair value of contracts, in case such rates do not reflect current market conditions. The Company continually monitors these rates, having thus far not identified the need for taking out hedging instruments against interest rate risk.

b) Price risk

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

c) Currency risk

The Company periodically monitors its currency exposure and has so far not identified the need to contract hedging financial instruments against currency risk.

d) Liquidity risk

The Company monitors the risk of cash shortage using a recurring liquidity planning tool. The Company's goal is to maintain the balance between continuity of funds and flexibility through secured accounts and bank loans. The policy is that amortization should be distributed over time in a balanced manner.

Cash flow forecast is centralized by Company management through monthly reviews. The purpose is to have cash generation sufficient to meet the Company's operating needs, costing and investment.

20. Capital management

The Company uses own and third-party capital to fund its activities. Use of third-party capital seeks to optimize Company capital structure. Additionally, the Company monitors its capital structure and adjusts such structure taking into consideration the changes in economic conditions. Management's main purpose is to ensure sufficient funds for construction to continue.

21. Events after the reporting period

On January 12, 2020, the Company energized the project's main transmission line stretch, with no outstanding technical issues. Electricity is available in Brazil's National Interconnected System (SIN) and made it possible for the Company to request Brazil's National Electric System Operator ("ONS") to issue its Definitive Release Term (TLD), which certifies the quality of the project and allows the concessionaire to receive proportional Annual Revenue Allowed (RAP) in the amount of R$23,537,089 (INR 407,655,320).

a) Impacts of COVID 19 (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 in relation to the balances were assessed, as follows:

The Company mitigates the risks of volatility in the financial market by investing in fixed- income securities, considering its conservative profile.

Currently, the Company expects no delay in construction that could affect the infrastructure revenues included in its estimates for the recoverability of deferred income tax.

As of 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 the Company's estimates or its business.

22. Currency Translation

Financial statements have been translated from Brazilian Reais to Indian Rupees using average rate of 1BRL= INR 17.83246667 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.