BEFORE THE HON'BLE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

PETITION NO. ________OF 2024

IN THE MATTER OF:

Essar Transco Limited ...**PETITIONER**

VERSUS

Central Transmission Utility of India Limited & Ors.

RESPONDENTS

INDEX

Essar Transco Limited

Essar Transco Limited

Petitioner

Place: Ahmedabad

Date: 21.11.2024

BEFORE THE HON'BLE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

PETITION NO. _______ OF 2024

IN THE MATTER OF:

Approval under Regulation 23 of the CERC (Conduct of Business) Regulations, 2023 based on CERC (Terms and Conditions of Tariff) Regulations, 2019 & CERC (Terms and Conditions of Tariff) Regulations, 2024 for Truing-up of Transmission Tariff for the period from 01-April-2019 to 31-March-2024 & Determination of tariff for the period from 01-April-2024 to 31-March-2029 for Transmission system maintained and operated by Essar Transco Limited vide Licence No. 4B/Transmission/2023/CERC

AND

IN THE MATTER OF:

Essar Transco Limited

......**PETITIONER**

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Central Transmission Utility of India Limited & Ors.

.........**RESPONDENTS**

MEMO OF PARTIES

Essar Transco Limited

(earlier in the name of Essar Power Transmission Company Limited)

Shop no 2 and 3 at Jalsa Complex,

Essar Transco Limited

Plot no 175/1, 175/1 Kha, 175/5,
Village Tali (Waidhan),
District Singruali, Waidhan, Sidhi, Singrauli Colliery,
Madhya Pradesh, India, 486886

……PETITIONER

Versus

1. Central Transmission Utility of India Limited,
   Plot No. 2, Near IFFCO Chowk Metro Station,
   Sector 29, Gurugram-122001

2. Power Grid Corporation of India Limited
   Saudamini, Plot-2, Sector-29,
   Near IFFCO Chowk,
   Gurgaon-122001, Haryana

3. Power System Operation Corporation Limited
   National Load Dispatch Centre
   B-9, Qutab Industrial Area, Katwaria Sarai,
   New Delhi-110 016

4. Western Regional Power Committee,
   F-3, MIDC Area, Marol, Opp. SEEPZ,
   Central Road, Andheri (East), Mumbai-400093

5. M. P. Power Management Company Limited
   Block No.11, Shakti Bhawan,
   Vidyut Nagar, Jabalpur-482008

Essar Transco Limited

6. Western Regional Load Despatch Centre,
   F-3, Krantiveer Lakhuji Salve Marg, SEEPZ,
   Andheri East, Mumbai, Maharashtra-400096

7. Mahan Energen Limited (formerly Essar Power M.P. Limited),
   Adani House, C-105,
   Anand Niketan, New Delhi-110021

.....RESPONDENTS

Essar Transco Limited

Prashant Kumar

Petitioner

Place: Ahmedabad

Date: 21.11.2024

S. No....8854.../2024

VIJAY C. SHAH
NOTARY
GOVT. OF INDIA
21 NOV 2024

BEFORE

THE HON'BLE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

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IN THE MATTER OF:

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IN THE MATTER OF:

Essar Transco Limited

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Central Transmission Utility of India Limited & Ors.

.........**RESPONDENTS**

AFFIDAVIT

I, **Prashant Kumar**, son of **Sh. Jagdish Prasad aged about 47 years, R/o B-101, Sanskar Apartments, Satellite, Ahmedabad** do hereby solemnly affirm and state on oath as under:

Essar Transco Limited

NOTARY VIJAY C. SHAH AHMEDABAD GUJARAT STATE REGD. 22540/02 GOVT. OF INDIA

1. That I am the Authorised Representative, of the Petitioner, Essar Transco Limited, and I am fully conversant with the facts and circumstances of the case and I have been duly authorized and am, therefore, competent to affirm this affidavit.

2. That I have read the accompanying submissions being submitted on behalf of Essar Transco Limited and have understood the contents thereof and that the contents therein are true and correct to the best of my knowledge and belief

Essar Transco Limited

Prashant Kumar

DEPONENT

VERIFICATION

I, **Prashant Kumar**, the above named deponent do hereby verify that the contents of this affidavit are true and correct to the best of my knowledge and belief, no part of it is false and nothing material has been concealed therefrom.

Verified by me on this November, 2024, at Ahmedabad

Essar Transco Limited

Prashant Kumar

DEPONENT

SOLEMNLY AFFIRMED BEFORE ME

VIJAY C. SHAH
NOTARY
GOVT. OF INDIA

21 NOV 2024

BEFORE

THE HON'BLE CENTRAL ELECTRICITY REGULATORY COMMISSION, NEW DELHI

PETITION NO. ________ OF 2024

IN THE MATTER OF:

Approval under Regulation 23 of the CERC (Conduct of Business) Regulations, 2023 based on CERC (Terms and Conditions of Tariff) Regulations, 2019 & CERC (Terms and Conditions of Tariff) Regulations, 2024 for Truing-up of Transmission Tariff for the period from 01-April-2019 to 31-March-2024 & Determination of tariff for the period from 01-April-2024 to 31-March-2029 for Transmission system maintained and operated by Essar Transco Limited vide Licence No. 4B/Transmission/2023/CERC

AND

IN THE MATTER OF:

Essar Transco Limited

......**PETITIONER**

VERSUS

Central Transmission Utility of India Limited & Ors.

.........**RESPONDENTS**

PETITION FOR TRUING UP OF TRANMSISSION TARIFF FOR THE PERIOD FROM 01-APRIL-2019 TO 31-MARCH-2024 AND DETERMINATION OF TARIFF FOR THE PERIOD FROM 01-APRIL-2024 TO 31-MARCH-2029

MOST RESPECTLFULLY SHEWETH:

Essar Transco Limited

1. Essar Transco Limited (earlier in the name of Essar Power Transmission Company Limited ('EPTCL')) (hereinafter referred to as 'ETL' / 'Petitioner') is a company incorporated under the provisions of the Companies Act, 1956 and is engaged in the business of transmission of power.

2. The Respondent No. 1 Central Transmission Utility of India Limited ("CTUIL") is a wholly owned subsidiary of PGCIL (Respondent No.2) established as separate company to undertake function of a Central Transmission Utility in terms of Section 38 of the Electricity Act, 2003 vide Gazette Notification by the Ministry of Power dated 09.03.2021. CTUIL performs the functions of planning and coordinating development of the inter-state transmission systems projects under Section 38 of the Act. It is also the statutory authority responsible for billing and collecting the transmission charges pertaining to the ISTS network in terms of the Regulations framed by this Hon'ble Commission.

3. Respondent No. 3, Power System Operation Corporation Limited is the National Load Despatch Centre.

4. Respondent No. 4, Western Region Power Committee (hereinafter being referred to as "WRPC") is the regional committee under Section 2 (55) of the Act established for the western region for facilitating the integrated operation of the power systems in the region.

5. Respondent No. 5 - M.P Power Management Company Limited is engaged in the business of electricity generation, transmission, and distribution services in the State of Madhya Pradesh.

6. Respondent No. 6 - Western Regional Load Despatch Centre (hereinafter being referred to as the "WRLDC") is a statutory body constituted and working under Section 27 of the Act and performing functions as enumerated in Section 28 of Act.

Essar Transco Limited

7. Respondent No. 7, Mahan Energen Limited (formerly known as Essar Power M.P. Limited) (hereinafter being referred to as "MEL") is a company having its address at Adani House, C-105, Anand Niketan, New Delhi- 110021. MEL was an erstwhile subsidiary of Essar Power Limited. However, presently, Respondent No. 2 has been taken over by the Adani Group of Companies.

8. Pursuant to the application filed by EPTCL for grant of transmission licence u/s 14 of the Electricity Act 2003, the Hon'ble Central Electricity Regulatory Commission (Hon'ble CERC) granted the transmission licence to EPTCL on 08.04.2008 (License No.4/Transmission/CERC) to implement the transmission system being part of the Inter-State Transmission System.

9. The Hon'ble Commission vide its Order dated 10.04.2008 and subsequent order dated 15.09.2009, authorised EPTCL to establish and operate the following transmission infrastructure:

A. Transmission lines

I. LILO of existing 400 kV S/C Vindyanchal-Korba transmission line of PGCIL at Mahan

II. 400 kV D/C (twin conductor) transmission line from Gandhar NTPC switch yard to Hazira

III. 400 kV D/C (quad conductor) transmission line from Mahan to Sipat Pooling sub-station

B. Substations

I. 3X500 MVA, 400/220kV sub-station at Hazira

II. 2x50 MVAR line reactors at Sipat pooling sub-station

III. 2x50 MVAR line reactors at Mahan

IV. 1x80 MVAR, 420 kV Switchable bus reactors at Mahan TPS along

Essar Transco Limited

with its associated 400 kV bay

V. 2 Nos. 400 kV line bays at Sipat pooling sub-station

VI. 2 Nos. 400 kV line bays at Gandhar (NTPC) switchyard

VII. 4 Nos. 400 kV line bays at Mahan TPS

Depending upon the date of completion of the various elements of the project, transmission assets mentioned above, has been segregated into two Stages viz. Stage I and Stage II.

Table: Stage-wise classification of EPTCL assets

Stage-I		
I	**Transmission Line**	**Units (km)**
1)	400 kV D/C Twin conductor transmission line from Gandhar NTPC switchyard to Hazira	104.60
2)	LILO of 400 kV S/C Vindhyanchal -Korba transmission line at Mahan	22.40
II	**400/220 kV GIS Substation at Hazira**	**Units (in No.)**
1)	500 MVA (400 kV / 220 kV) transformers at Hazira	3
2)	220 kV Bays at Hazira	2
3)	440 kV S/S & line bays (GIS) at Hazira	5
4)	400 kV line bays (GIS) at Gandhar	2

Stage-II		
I	**Transmission Line**	**Units (km)**
1)	400 kV DIC Quad Moose transmission line from Mahan	336.50

Essar Transco Limited

	TPP to Sipat Substation	
II	**Line Bays**	**Units (in No.)**
1)	400 kV line bays at Mahan and Sipat	4
III	**Reactors**	**Units (in No.)**
1)	400 kV bays of 80 MVAR bus reactor at EPMPL	1
2)	50 MVAR switchable line reactors at EPMPL	2

10. EPTCL had filed a petition for determination of tariff before this Hon'ble Commission numbered as 145/TT/2018 for determination of tariff for Stage-II assets from CoD (22.09.2018) to 31.03.2019. This Hon'ble Commission vide order dated 14.03.2022 ("March 2022 Order") approved the capital cost of EPTCL Stg-2 assets.

CERC in the tariff order has determined the capital cost in 2 parts. The 1st part consists of capital cost and tariff to be received from PoC pool (76%), and the 2nd part consists of tariff to be received from EPMPL (24%). Following is the capital cost, as on CoD of 22.09.2018, approved by this Hon'ble Commission vide March 2022 Order.

	Capital Cost through PoC (Rs. Cr)	**Capital Cost through EPMPL (Rs. Cr)**	**Total Capital Cost (Rs. Cr)**
Hard Cost	800.15	218.2	1018.4
Soft Cost	378.6	119.6	498.2
Total Cost	1,178.79	337.79	1,516.58

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11. EPTCL filed the Petition for determination of tariff numbered as 24/TT/2023 for Stage – II assets for control period of FY 2019-20 to FY 2023-24. This Hon'ble Commission vide order dated 22.11.2023 ("November 2023 Order") the tariff for the control period of FY 2019-20 to FY 2023-24. A copy of this Hon'ble Commission's order dated 22.11.2023 in Petition No. 24/TT/2023 is attached as **Annexure-1**.

12. Subsequently, EPTCL also filed a Petition No. 187/MP/2023 before this Hon'ble Commission for amendment of its license No. 4/Transmission/CERC dated 08.04.2008 and permit the transfer of Stage-II assets in order that the license corresponding to the said assets stand transferred and vested in the Petitioner in terms of Section 17 of the EA, 2003. This Hon'ble Commission vide its order dated 23.11.2023 allowed the transfer of Stage-II assets to the Petitioner. This Hon'ble Commission also issued a fresh license No. 4B/Transmission/CERC for Stage-II to the Petitioner. The relevant extract of order dated 23.11.2023 in Petition No. 187/MP/2023 is as under:

> *"37. In the exercise of our power under Section 18 (1) of the Act and Regulation 19 (1) of the Transmission Licence Regulations, we approve the transfer of Stage II Assets [as detailed in Para 25 (a) above] to ETL, subject to acquisition of the same by AESL subsequently, and the removal of LILO [as detailed in Para 29(b) above] from the licence granted to EPTCL The licence bearing No. 4/Transmission/CERC shall be split into 4A/Transmission/CERC for Stage I and 4B/Transmission/CERC for Stage II respectively. The Staff of the Commission is, accordingly, directed to issue two separate licences in the name of EPTCL and ETL respectively. It is clarified that the said transaction is allowed subject to the approval of the scheme by NCLT and shall be implemented prospectively from the date of the two licences. The transmission licensees shall comply with the provisions of the Act and the Regulations issued by the Commission from time to time."*

A copy of order dated 23.11.2023 in Petition No. 187/MP/2023 is attached as **Annexure-2**.

Essar Transco Limited

13. In view of above, the Petitioner is filing the present petition seeking approval under Regulation 23 of the CERC (Conduct of Business) Regulations, 2023 based on CERC (Terms and Conditions of Tariff) Regulations, 2019 & CERC (Terms and Conditions of Tariff) Regulations, 2024 for Truing-up of Transmission Tariff for the period from 01-April-2019 to 31-March-2024 & Determination of tariff for the period from 01-April-2024 to 31-March-2029.

14. It is stated that tariff approved by the Hon'ble Commission for the period from FY 2019-20 to FY 2023-24 is as under:

(Rs. In lakh)

Part-A					
Particulars	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
Depreciation	6,224.02	6,224.02	6,224.02	6,224.02	6,224.02
Interest on Loan	11,792.22	10,889.73	9,987.25	9,084.77	8,182.28
Return on Equity	5,669.28	5,669.28	5,669.28	5,669.28	5,669.28
Interest on Working Capital	380.73	344.15	309.85	298.82	287.06
O&M Expenses	563.14	582.81	603.28	624.53	646.33

Essar Transco Limited

Part-A					
Particulars	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
Total	**24,629.39**	**23,709.99**	**22,793.68**	**21,901.42**	**21,008.97**

(Rs. In lakh)

Part-B					
Particulars	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
Depreciation	1,783.53	1,783.53	1,783.53	1,783.53	1,783.53
Interest on Loan	3,379.13	3,120.52	2,861.91	2,603.29	2,344.68
Return on Equity	1,624.56	1,624.56	1,624.56	1,624.56	1,624.56
Interest on Working Capital	106.72	96.32	86.57	83.33	79.88
O&M Expenses	106.76	110.48	114.36	118.39	122.51
Total	**7,000.70**	**6,735.41**	**6,470.93**	**6,213.11**	**5,955.16**

15. The application for true-up and determination of the tariff is being made in accordance with Regulation 23 of CERC (Conduct of Business) Regulation,

Essar Transco Limited

2023. Further, Regulation 9 (2) of Tariff Regulation, 2014 specifies that existing transmission licences shall make application by 30.11.2024. Hence, the present application is filed within the timeline.

16. The Hon'ble Commission has admitted total capital cost of Rs. 117,879 Lakh for Part-A as on 01.04.2019 & Rs. 33,779 Lakh for Part-B as on 01.04.2019. Accordingly, the Hon'ble Commission had determined tariff for FY 2019-20 to FY 2023-24 considering admitted capital cost and estimated additional capitalisation from 01.04.2019 to 31.03.2024.

17. Based on the above facts, the Petitioner is filing the present Petition for truing-up of Transmission tariff for FY 2019-20 to FY 2023-24 and determination of tariff for the tariff block from FY 2024-25 to FY 2028-29 along with requisite information and details in the formats specified by the Hon'ble Commission as per Tariff Regulations, 2019 and Tariff Regulations, 2024 respectively.

True Up of Tariff for the tariff period 2019-24 (from 01.04.2019 to 31.03.2024)

18. Regulation 9 (3) of the Tariff Regulation, 2019 stipulates that capital cost admitted by the commission as on 01.04.2019 duly trued up by excluding liability, if any, as on 01.04.2019 shall be considered. The relevant portion is as under:

> *"(3) The Capital cost of an existing project shall include the following:*
>
> *(a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;"*

Accordingly, the Petitioner has considered the actual admitted capital cost as on 01.04.2019 in line with the Hon'ble Commission's order dated 22.11.2023 in Petition No. 24/TT/2023 for Part- A & B.

Essar Transco Limited

19. The Hon'ble Commission in its order dated 22.11.2023 approved the capital cost of Rs. 117879 Lakhs for Part-A and Rs. 33779 Lakhs for Part-B as on 31.03.2019. Accordingly, same has been considered as per Regulation 9(3) of the Tariff Regulation, 2019.

20. Copy of carved out Audited Financials for licenced business of ETL for FY 2019-20 to FY 2023-24 are marked and attached as **Annexure 3**.

Depreciation

21. The Petitioner has calculated the depreciation charges for FY 2019-20 to FY 2023-24 as prescribed in the Regulations 33 of CERC (Terms & Conditions of Tariff) Regulations, 2019.

Interest on Loan

22. Interest on loan is calculated for FY 2019-20 to FY 2023-24 as prescribed in Regulations 32 of CERC (Terms & Conditions of Tariff) Regulations, 2019. The Petitioner has considered the actual loan portfolio for the purpose of deriving actual weighted average interest rates during FY 2019-20 to FY 2023-24. The repayment is considered equal to the depreciation for the year. The calculation of Weighted Average interest rate based on actual loan portfolio is attached herewith as Form 9C of True up formats.

23. The copy of Statutory Auditor's certificate certifying the Weighted Average interest rate based on the actual loan portfolio for FY 2019-20 to FY 2023-24 is attached as **Annexure-4**.

Return on Equity

24. The Petitioner submits that the ROE has been calculated after grossing up the ROE to the extent of MAT rate for the control period. As per the Regulations 30 of CERC (Terms & Conditions of Tariff) Regulations, 2019 applicable for FY 2019-20 to FY 2023-24, the Return on equity is considered @ 15.5% per annum. The same is grossed up with applicable tax rate to

Essar Transco Limited

arrive at Pre-tax ROE.

25. The Applicable MAT rate was 17.472% considering 12% surcharge and 4% education cess on MAT rate of 15% for FY 2019-20 to FY 2023-24. Accordingly, the Petitioner has considered the applicable Tax rate for FY 2019-20 to FY 2023-24. The applicable tax rate and resultant ROE is shown in table below for ready reference.

Particulars	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
MAT rate	17.472%	17.472%	17.472%	17.472%	17.472%
ROE	18.78%	18.78%	18.78%	18.78%	18.78%

O&M Expenses

26. The Normative O&M Expenses for the control period from FY 2019-20 to FY 2023-24 is specified in Regulation 35 (3) of Tariff Regulation, 2019. The Operation and Maintenance expenses has been calculated by multiplying the number of sub-station bays, transformer capacity of the transformer (in MVA) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA and per km respectively.

27. In light of the above, the normative O&M expenses claimed are as under:

(Rs. In Lakhs)

Years	**Part-A**	**Part-B**
FY 2019-20	563	107
FY 2020-21	583	110

Essar Transco Limited

Years	Part-A	Part-B
FY 2021-22	603	114
FY 2022-23	625	118
FY 2023-24	646	123

Interest on Working Capital

28. The Working capital is calculated for FY 2019-20 to FY 2023-24 as per Regulation 34 (1) (c) of CERC (Terms & Conditions of Tariff) Regulations, 2019. As per the Regulation, the Working Capital requirement includes following components:

    a) O&M expenses of one month

    b) Maintenance spares @ 15% of O&M expenses

    c) Receivables equivalent to 45 days of annual fixed cost

29. The bank rate as defined in Regulation 3 (7) of CERC (Terms & Conditions of Tariff) Regulations, 2019 is considered as the rate of interest for working capital as per Regulation 34 (3) of CERC (Terms & Conditions of Tariff) Regulations, 2019 for FY 2019-20 to FY 2023-24.

Annual Transmission Charges

30. The Trued-up transmission tariff for FY 2019-20 to FY 2023-24 has been worked out as given in table below:

(Rs. In Lakhs)

Essar Transco Limited

Part-A					
Particulars	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
Depreciation	6,224	6,224	6,224	6,224	6,224
Interest on Loan	11,792	10,890	9,987	9,085	8,182
Return on Equity	5,669	5,669	5,669	5,669	5,669
Interest on Working Capital	381	344	310	299	329
O&M Expenses	563	583	603	625	646
Total	**24,629**	**23,710**	**22,794**	**21,910**	**21,050**

(Rs. In Lakhs)

Part-B					
Particulars	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
Depreciation	1,784	1,784	1,784	1,784	1,784
Interest on	3,379	3,121	2,862	2,603	2,345

Essar Transco Limited

Part-B					
Particulars	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**
Loan					
Return on Equity	1,625	1,625	1,625	1,625	1,625
Interest on Working Capital	107	96	87	83	91
O&M Expenses	107	110	114	118	123
Total	**7,001**	**6,735**	**6,471**	**6,213**	**5,967**

31. The True up Formats along with other relevant information are annexed herewith and marked as **Annexure 5A & Annexure 5B** for Part-A & Part-B respectively.

<u>Tariff determination for the tariff period 2024-29 (from 01.04.2024 to 31.03.2029)</u>

32. The Tariff for control period from FY 2024-25 to FY 2028-29 has been filed as per Annexure-I to the Tariff Regulation, 2024. The Transmission tariff has been calculated considering trued up capital expenditure as on 31.03.2024. the Petitioner has considered the estimated additional capital expenditure for the control period from FY 2024-25 to FY 2028-29.

Essar Transco Limited

Additional Capital Expenditure

33. The Petitioner has claimed following Additional Capital Expenditure for the control Period from FY 2024-25 to FY 2028-29.

a) Online Dissolved Gas Analysis equipment procurement & installation for Bus and line reactors: Healthiness of Critical assets (Transformers and Reactors) are essential to maintain availability and reliability of assets. With complexity in Power system network, new diagnostic technologies are essential to monitor the real time healthiness of equipments. Dissolve Gas Analysis is one such method to identify the incipient fault inside the asset. However, periodic offline measurements do not serve the purpose of identification of incipient faults. Online DGA serves the purpose perfectly with real time gas monitoring and any gas rise shall alert the operator for necessary corrective actions. This is a proven method and has saved large number of assets across the globe by primary identification of failure. This will increase the reliability of critical assets and conscious decision making can be done well in time. Further, critical assets will be more safe and secure as this shall prevent transformer/reactor failure in the incipient stage of fire. Accordingly, the petitioner will incur the additional capital expenditure of Rs. 1.50 Cr towards installation of Online DGA equipment in FY 2025-26. The Petitioner has claimed the additional capital expenditure of Rs. 1.50 Cr towards installation of Online DGA equipment under Regulation 26(1)(i) of Tariff Regulation, 2024 which provides for those expenditures which has become necessary for efficient operation of transmission system.

b) Online Drying Unit (ODU) procurement & installation for Bus and line reactors: Healthiness of Critical assets (Transformers and Reactors) are essential to maintain availability and reliability of assets. With complexity in Power system network, new diagnostic technologies are

Essar Transco Limited

essential to monitor the real time healthiness of equipments. Online drying unit system is essential to reduce the moisture content in the installed units and hence, increases the life of Critical assets and prevents failure. Further, CEA, vide notification no: I/30428/2023 dated 20.09.2023 has also recommended installation of ODU system in the Transformers and Reactors. This will increase the reliability of critical assets and hence the system life. The Copy of CEA notification dated 20.09.2023 is attached as **Annexure-6**. Accordingly, the petitioner will incur the additional capital expenditure of Rs. 0.80 Cr towards installation of ODU system in FY 2025-26. The Petitioner has claimed the additional capital expenditure of Rs. 0.80 Cr towards installation of ODU system under Regulation 26(1)(i) of Tariff Regulation, 2024 which provides for those expenditures which has become necessary for efficient operation of transmission system.

c) Nitrogen Injection fire protection System (NIFPS) procurement and installation for Bus and line reactors: Protection of critical oil filled assets is required to ensure minimal damages in case of fire. Nitrogen Injection fire protection System (NIFPS) is one such effective installation that prevents fire before the occurrence. This will increase the asset healthiness also. Accordingly, the petitioner will incur the additional capital expenditure of Rs. 1.50 Cr towards installation of NIFPS in FY 2025-26. The Petitioner has claimed the additional capital expenditure of Rs. 1.50 Cr towards installation of NIFPS under Regulation 26(1)(i) of Tariff Regulation, 2024 which provides for those expenditures which has become necessary for efficient operation of transmission system.

d) Upgradation of existing installed Spring Pneumatic Circuit breakers to Spring type Circuit breakers: Installed Circuit breakers at the Petitioners assets have Spring Pneumatic system which have been observed failure

Essar Transco Limited

in operation due to lacuna in the pneumatic system. OEM has stopped providing this type of Circuit breakers and have recommended to provide the Spring type circuit breakers. This will enhance the system safety and hence requested for approval. Accordingly, the petitioner will incur the additional capital expenditure of Rs. 10.00 Cr towards installation of Spring type Circuit breakers in FY 2026-27. The Petitioner has claimed the additional capital expenditure of Rs. 10.00 Cr towards installation of Spring type Circuit breakers under Regulation 26(1)(i) of Tariff Regulation, 2024 which provides for those expenditures which has become necessary for efficient operation of transmission system.

e) Installation of Travelling wave fault locator (TWFL) in Transmission line: Faults in the Transmission lines are not easy to identify due to various changes in the tower footing resistance and arc resistance. One effective way to analyse the faults in the Transmission system is through TWFL. The system pinpoints the fault location leading to faster restoration and thereby enhancing the availability and reliability of the Transmission system. Accordingly, the petitioner will incur the additional capital expenditure of Rs. 2.00 Cr towards installation TWFL in FY 2025-26. The Petitioner has claimed the additional capital expenditure of Rs. 2.00 Cr towards installation of TWFL under Regulation 26(1)(i) of Tariff Regulation, 2024 which provides for those expenditures which has become necessary for efficient operation of transmission system.

34. In view of above the Petitioner has claimed the following Additional Capitalisation for the control period of FY 2024-25 to FY 2028-29:

(Rs. In Lakh)

Essar Transco Limited

Part-A					
Sr. No	**Year**	**Head under which claimed**	**Amount proposed to be capitalised**	**Justification**	**Regulation under which covered**
1.	FY 2025-26	Substation Equipment	150	Online Dissolved Gas Analysis equipment procurement & installation for Bus and line reactors	Regulation 26 (1) (i) of Tariff Regulation, 2024
2	FY 2025-26	Substation Equipment	80	Online Drying Unit (ODU) procurement & installation for Bus and line reactors	Regulation 26 (1) (i) of Tariff Regulation, 2024
3	FY 2025-26	Substation Equipment	150	Nitrogen Injection fire protection System (NIFPS) procurement and installation for Bus and line reactors	Regulation 26 (1) (i) of Tariff Regulation, 2024

Essar Transco Limited

Part-A					
Sr. No	**Year**	**Head under which claimed**	**Amount proposed to be capitalised**	**Justification**	**Regulation under which covered**
4	FY 2025-26	Transmission Line	200	Installation of Travelling wave fault locator (TWFL) in Transmission line	Regulation 26 (1) (i) of Tariff Regulation, 2024
2.	FY 2026-27	Substation Equipment	1000	Upgradation of existing installed Spring Pneumatic Circuit breakers to Spring type Circuit breakers	Regulation 26 (1) (i) of Tariff Regulation, 2024

Depreciation

35. the Petitioner has calculated the depreciation charges for FY 2024-25 to FY 2028-29 as prescribed in the Regulations 33 of CERC (Terms & Conditions of Tariff) Regulations, 2024.

Interest on Loan

36. Interest on loan is calculated for FY 2024-25 to FY 2028-29 as prescribed in Regulations 32 of CERC (Terms & Conditions of Tariff) Regulations, 2024. The Petitioner has considered the weighted average interest rate of FY 2023-

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24 for the purpose of interest rates during FY 2024-25 to FY 2028-29. The repayment is considered equal to the depreciation for the year.

O&M Expenses

37. The Normative O&M Expenses for the control period from FY 2024-25 to FY 2028-29 is specified in Regulation 36 (3) of Tariff Regulation, 2024. The Operation and Maintenance expenses has been calculated by multiplying the number of sub-station bays, transformer capacity of the transformer/reactor/Static Var Compensator/Static Synchronous Compensator (in MVA/MVAr) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA/MVAr and per km respectively.

38. It is pertinent to note that Regulation 36 (3) (d) of Tariff Regulation, 2024 provides for Security Expenses, Capital spares and Insurance expenses shall be allowed as O&M expenses for Transmission system. Hence, the Petitioner has estimated the Security Expenses, Capital spares & Insurance expenses for the control Period from FY 2024-25 to FY 2028-29. The Petitioner has claimed following Capital Spares as part of O&M expenses.

    a) Procurement of tower material spare for various type of towers: Towers are the lifeline of the Transmission system and necessary spares are required to mitigate any failure of towers as the duration of restoration is directly proportional with the availability of spares. To meet the same, 450 metric tonne of tower material is required to maintain the required spares as per CEA guidelines.

    b) Procurement of various type of test kits and relays: Following testing kits are required:

        - Capacitance and Tan delta measurement kit: To diagnose any incipient failure of insulation.

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- Dynamic Contact Resistance Measurement (DCRM) of Circuit Breakers: To identify any deterioration in the Circuit breaker contacts.
- Corona Camera: To identify the corona impact in the Transmission line and Substations.

Further, protection relays installed in the system do not have any spare and hence spares for the same is required.

39. In light of the above, the normative O&M expenses claimed are as under:

(Rs. In Lakhs)

Years	Part-A	Part-B
FY 2024-25	1,136	135
FY 2025-26	1,818	332
FY 2026-27	2,291	146
FY 2027-28	1,378	152
FY 2028-29	1,472	158

Return on Equity

40. The Petitioner submits that it has paid 17.472% for FY 2023-24. Hence, current MAT rate of 17.472% has been considered by the Petitioner which results into RoE of 18.78% for the entire control period of FY 2024-25 to FY 2028-29 as per Regulation 30 & 31 of CERC (Terms & Conditions of Tariff) Regulation, 2024.

Interest on Working Capital

41. The Working capital is calculated for FY 2024-25 to FY 2028-29 as per

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Regulation 34 (1) (d) of CERC (Terms & Conditions of Tariff) Regulations, 2024. As per the Regulation, the Working Capital requirement includes following components:

a) O&M expenses of one month

b) Maintenance spares @ 15% of O&M expenses

c) Receivables equivalent to 45 days of annual fixed cost

42. The Reference rate as defined in Regulation 3 (66) of CERC (Terms & Conditions of Tariff) Regulations, 2024 is considered as the rate of interest for working capital as per Regulation 34 (3) of CERC (Terms & Conditions of Tariff) Regulations, 2024 for FY 2024-25 to FY 2028-29.

Annual Transmission Charges

43. The transmission tariff for FY 2024-25 to FY 2028-29 has been worked out as given in table below:

(Rs. In Lakhs)

Part-A					
Particulars	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**
Depreciation	6,224	6,239	6,281	6,307	6,307
Interest on Loan	7,280	6,407	5,585	4,726	3,812
Return on Equity	5,669	5,683	5,721	5,745	5,745
Interest on Working	334	351	361	308	300

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Part-A					
Particulars	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**
Capital					
O&M Expenses	1,136	1,818	2,291	1,378	1,472
Total	**20,644**	**20,500**	**20,238**	**18,465**	**17,635**

(Rs. In Lakhs)

Part-B					
Particulars	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**
Depreciation	1,784	1,784	1,784	1,784	1,784
Interest on Loan	2,086	1,827	1,569	1,310	1,052
Return on Equity	1,625	1,625	1,625	1,625	1,625
Interest on Working Capital	88	92	80	77	73
O&M Expenses	135	332	146	152	158

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Part-B					
Particulars	**FY 2024-25**	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**
Total	**5,716**	**5,660**	**5,203**	**4,947**	**4,691**

44. The Tariff determination Formats along with other relevant information are annexed herewith and marked as **Annexure-7A & Annexure-7B** for Part-A & Part-B respectively.

GST

45. The Government of India has exempted the charges of transmission of electricity vide notification no. 12/2017 – Central Tax (Rate) dated 28.06.2017 at serial no. 25 under the heading "Transmission or distribution of electricity by an electric transmission or distribution utility" by giving applicable GST rate as NIL and accordingly the Transmission Charges indicated above, are exclusive of GST and same shall be changed, billed separately by the Petitioner if at any time the transmission charges are withdrawn from the list of NIL GST and will be borne and additionally paid by the respondents to the Petitioner. Further, any additional taxes to be paid by the Petitioner on account of demand from any Government/Statutory authorities, the same may be allowed to be recovered from the beneficiaries

Other Expenses

46. The application filing fee, expenses incurred on publication of notices in Newspapers may be allowed to be recovered separately from the respondents in terms of Regulation 94 (1) of the Tariff Regulations, 2024. The fees and charges to be paid by the Petitioner as ISTS licensee (deemed

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ISTS licensee) under CERC (Fees and Charges of RLDC and other matters) Regulations as amended from time to time and License Fees paid by the Petitioner as Inter State Transmission Licensee (deemed ISTS licensee) in terms of CERC (Payment of Fees) Regulations, 2012 shall be recoverable from the DICs as provided under clause 92(2) (3) & (4) of the Tariff regulation, 2024.

47. The Transmission Charges and other related Charges indicated above, are exclusive of incentive, late payment surcharge, FERV, any statutory taxes, levies, duties, cess, filing fees, Licence fee, RLDC fees and charges or any other kind of imposition (s) and/ or other surcharges etc. whatsoever imposed / charged by any Government (Central/State) and / or any other local bodies/authorities/regulatory authorities in relation to transmission of electricity/environmental protection, and/or in respect of any of its installation associated with the Transmission System and the same shall be borne and additionally paid by the respondent(s) to the Petitioner and the same shall be charged, billed separately by the Petitioner on the Respondents.

Sharing of Transmission Charges

48. Tariff for Transmission of Electricity (Annual Fixed Cost) shall be recovered on monthly basis in accordance with Regulation 78 of Tariff Regulations, 2024 and shall be shared by the beneficiaries and long-term transmission customers in Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020 dated 04.05.2020 and amendment to these Regulations issued from time to time.

49. In the circumstances mentioned above it will be just and proper that the transmission tariff and charges for the assets covered under this Petition be allowed to be charged from the Respondents on the basis set out above.

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50. Further, the Petitioner requests the Hon'ble Commission to invoke Regulation 102 "Power to Relax" under CERC Terms and Conditions of Tariff Regulations 2024 respectively if the circumstances arise for any matter mentioned herewith in the petition.

The present petition is made bonafide and in the interest of justice. The Hon'ble Commission has jurisdiction to entertain the present matter and pass orders in terms of jurisdiction vested under section 61, 62, read with section 79 and section 94 of the Electricity Act, 2003.

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PRAYER

In view of the aforementioned facts and circumstances of the present case it is, therefore, most respectfully prayed that this Hon'ble Commission may graciously be pleased to:

a) Approve the Trued up Transmission Tariff for the Period of FY 2019-20 to FY 2023-24 for the assets covered under this Petition;

b) Approve the Transmission Tariff for the tariff block FY 2024-25 to FY 2028-29 for the assets covered under this Petition, claimed in this petition.

c) Approve the Additional capitalisation projected to be incurred during the tariff block of FY 2024-25 to FY 2028-29 as claimed in the Petition.

d) Approve the reimbursement of expenditure by the beneficiaries towards Petition filing fee, and expenditure on publishing of notices in newspapers in terms of Tariff Regulations and other expenditure (if any) in relation to the filing of Petition;

e) Allow the Petitioner to bill and recover the Licence fee and RLDC fees and charges, separately from the respondents in terms of Tariff Regulations: and

f) Pass such other and further order or orders as this Hon'ble Commission may deem fit and proper under the facts and circumstances of the present case and in the interest of justice.

For, Essar Transco Limited

Place: Ahmedabad

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(Authorised Signatory)

Date: 21.11.2024

Annexure-1

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 24/TT/2023

Coram:

Shri Jishnu Barua, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member
Shri P. K. Singh, Member

Date of Order: 22.11.2023

In the matter of:

Determination of transmission tariff for the 2019-24 tariff period for the Stage-II transmission assets of the transmission system associated with Mahan Thermal Power Plant (MTPP) of EPTCL.

And in the matter of:

Essar Power Transmission Company Limited,
Lower Ground Floor,
Hotel Conclave Boutique,
A-20, Kailash Colony,
New Delhi-110048. **.....Petitioner**

Vs

1. Central Transmission Utility of India Limited,
Plot No. 2, Near IFFCO Chowk Metro Station,
Sector 29, Gurugram-122001.

2. Power Grid Corporation of India Limited,
B-9, Qutub Institutional Area,
Katwaria Saral, New Delhi-110016.

3. Power System Operation Corporation Limited,
National Load Despatch Centre,
B-9, Qutub Institutional Area,
Katwaria Sarai, New Delhi-110016.

4. Western Region Power Committee,
F-3, MIDC Area, Marol, Opp. SEEPZ,
Central Road, Andheri East,
Mumbai-400093.

5. M. P. Power Management Company Limited,
Block No.11, Shakti Bhawan,

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Vidyut Nagar, Jabalpur-482008.

6. Western Regional Load Despatch Centre,
F-3, Krantiveer Lakhuji Salve Marg, SEEPZ,
Andheri East, Mumbai, Maharashtra-400096.

7. Mahan Energen Limited (formerly Essar Power M.P. Limited),
Adani House, C-105,
Anand Niketan, New Delhi-110021. **...Respondents**

For Petitioner: Ms. Swapna Seshadri, Advocate, EPTCL
Ms. Shivani Verma, Advocate, EPTCL
Shri Paritosh Bhasin, Advocate, EPTCL

For Respondent: Shri Hemant Singh, Advocate, MEL
Shri Robin Kumar, Advocate, MEL

ORDER

The present petition has been filed by Essar Power Transmission Company Limited (EPTCL) for the determination of transmission tariff for the 2019-24 tariff period for the Stage-II transmission assets of the transmission system associated with Mahan Thermal Power Plant (MTPP) of EPTCL.

2. The Petitioner has made the following prayers in the petition:

"I. Admit the application for determination of transmission tariff / provisional transmission tariff (annual fixed cost) for the mentioned assets in the petition i.e. Stage - 2 of Essar Power Transmission Company Limited (EPTCL), which shall form part of the inter-state transmission system for FY-2019-20 to FY 2034-24
II. Determine the Annual fixed cost and transmission tariff / provisional transmission tariff for the mentioned assets in the petition i.e. Stage - 2 of Essar Power Transmission Company Limited (EPTCL)for FY 2019-20 to FY 2023-24.

III. Direct EPMPL/MEL to provide letter of credit for the portion of tariff to be bome by EPMPL/MEL.

IV. Without prejudice to the Petitioner's case in Appeal No. 71/2023 before the Hon'ble Tribunal to direct that MEL's portion of the tariff be paid out of the PoC pool in the event that MEL succeeds in Appeal No. 71/2023;

V. Condone any inadvertent omissions, errors, short comings and permit the petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date; and

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Vi. Pass such order and further orders as are deemed fit and proper in the facts and circumstances of the case."

Background

3. EPTCL was granted a transmission licence by the Commission vide order dated 10.4.2008 in Petition No. 157 of 2007 to develop the transmission system associated with MTPP. The scope of work under the transmission system as per the order dated 10.4.2018 in Petition No. 157/2007 is as follows:

Transmission Lines

i) 400 kV D/C (quad conductor) transmission line from Mahan to Sipat Pooling Sub-station
ii) LILO of existing 400 kV S/C Vindyanchal-Korba transmission line of PGCIL at Mahan
iii) 400 kV D/C (twin conductor) transmission line from Gandhar NTPC switch yard to Hazira

Sub-stations

i) 3X500 MVA, 400/220 kV sub-station at Hazira
ii) 2x50 MVAR line reactors at Sipat pooling sub-station
iii) 2x50 MVAR line reactors at Mahan
iv) 1x80 MVAR, 420 kV Switchable bus reactors at Mahan TPS along with its associated 400 kV bay
v) 2 numbers 400 kV line bays at Sipat pooling sub-station
vi) 2 numbers 400 kV line bays at Gandhar (NTPC) switchyard
vii) 4 numbers 400 kV line bays at Mahan TPS

4. The transmission licence was amended on the request of the Petitioner in order to accommodate the proposed third unit of 600 MW of its subsidiary company, i.e. Essar Power Madhya Pradesh Ltd. (EPMPL), at Mahan TPP. Accordingly, the configuration of the Mahan-Sipat Transmission Line was upgraded from 400 kV D/C triple moose conductor to 400 kV D/C quad moose conductor vide order dated 15.9.2009 by the Commission on the condition that the increased cost on account of the upgradation shall not be passed on to the consumers. The relevant portion of the order dated 15.9.2009

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is as follows:

> *"2. The licensee vide is affidavit dated 29.8.2009 has submitted that one of its group company, namely Essar Power M.P. Limited (EPMPL) is in the process of setting up 2 x 600 MW pit head coal fired thermal power project in the State of M.P. for which licensee is constructing the transmission system. The licensee has further submitted that at the request of EPMPL, it has decided to change the configuration of 400 kV D/C Triple, Mahan-Sipat transmission line from Triple conductor to Quad Moose conductor, keeping in view future expansion for the following reasons, namely:*
>
> *(i) To minimize the usage of forest area; and*
> *(ii) To optimize the right of way (ROW).*
>
> *3. According to the licensee, the Central Transmission Utility vide letter No.C/ENG/SEF/W/06/MAHAN, dated 8.5.2009 has conveyed it's no objection to the change of configuration from Triple conductor to Quad Moose conductor. EPMPL vide letter dated 21.8.2009 has confirmed that the additional tariff on account of increase in the construction cost of the transmission system because of change in configuration from Triple conductor to Quad Moose conductors shall not be passed on the consumers in the State of Madhya Pradesh, for transmission of power allocated from the generating station.*
>
> *4. We have considered the request of the applicant and approve the modification in the configuration from Triple conductor to Quad Moose conductor for 400 kV D/C Mahan-Sipat transmission line."*

5. The assets covered in the transmission licence were put into commercial operation by the Petitioner in two stages i.e. Stage-I and Stage-II. The details of the transmission assets under Stage-I and the transmission assets under Stage-II are given in the following table. The Petitioner has filed the instant petition for the determination of the tariff for Stage-II transmission assets for the 2019-24 tariff period.

Stage-I

I	Transmission Lines	Units (in km)
1	400 kV D/C (twin conductor) transmission line from Gandhar (NTPC) switchyard to Hazira	104.60
II	**400/220 kV GIS Sub-station at Hazira**	**Units (in numbers)**
1	500 MVA (400 kV / 220 kV) transformers at Hazira	3*
2	220 kV Bays at Hazira	2
3	400 kV Sub-station and line bays (GIS) at Hazira	5
4	400 kV line bays (GIS) at Gandhar	2#
5	400 kV LILO line Bays at Mahan	2

**2 out of 3 transformers commissioned*
#2 Bays at Gandhar developed, owned and maintained by NTPC Ltd.

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Stage-II

I	Transmission Lines	Units (in km)
1	400 kV D/C Quad Moose transmission line from Mahan TPP to Sipat Substation	336.70
II	**Line Bays**	**Units (in Numbers)**
1	400 kV line bays at Mahan and Sipat	4
III	**Reactors**	**Units (in Numbers)**
1	400 kV 80 MVAR switchable bus reactor at EPMPL	1
2	50 MVAR switchable line reactors at MPMPL	2
3	50 MVAR line reactors at Sipat PS	2

6. The transmission assets under Stage-I were put into commercial operation on 1.4.2013, and the Petitioner claimed its tariff from COD to 31.3.2014 in Petition No.173/TT/2013 and truing-up of the same for the 2009-14 period was done in Petition No.111/TT/2015. Both the petitions were disposed of vide combined order dated 15.6.2016, granting tariff for the transmission assets under Stage-I. Aggrieved with the order dated 15.6.2016, the Petitioner filed Review Petition No. 33/RP/2016 and the Commission vide order dated 28.2.2018 disposed of the Review Petition No. 33/RP/2016. The Petitioner has filed an appeal against the order dated 28.2.2018 before the Appellate Tribunal for Electricity (APTEL) and the same is pending adjudication.

7. The instant tariff petition covers transmission assets of Stage-II which are as follows:

Stage-II

I	Transmission Lines	Units (in km)
1	400 kV D/C Quad Moose transmission line from Mahan TPP to Sipat Substation	336.70
II	**Line Bays**	**Units (in Numbers)**
1	400 kV line bays at Mahan and Sipat	4
III	**Reactors**	**Units (in Numbers)**
1	400 kV 80 MVAR switchable bus reactor at EPMPL	1
2	50 MVAR switchable line reactors at MPMPL	2
3	50 MVAR line reactors at Sipat PS	2

8. As per the Commission's order dated 10.4.2008 in Petition No. 157/2007, the instant transmission system was scheduled to be put into commercial operation in October 2010. Accordingly, the scheduled COD of the transmission assets under Stage-II was 1.11.2010 (the first day of the next month in terms of the 2009 Tariff Regulations). However, the transmission assets under Stage-II were put into commercial operation on 22.9.2018.

9. The Commission vide order dated 14.3.2022 in Petition No. 145/TT/2018 granted a tariff from COD on 22.9.2018 to 31.3.2019 for the Stage-II of transmission assets. The Commission, in an order dated 14.3.2022, taking into consideration EPMPL's letter dated 21.8.2009, wherein EPMPL had agreed to bear the additional tariff on account of change in the conductor configuration of the Mahan-Sipat Transmission Line, held that the additional tariff on account of increase in the cost of Mahan Sipat Transmission Line due to change in conductor configuration from triple moose conductor to quad moose conductor will be exclusively borne by EPMPL. The relevant portion of the order dated 14.3.2022 is as follows:

> *"45. We, thus, note that vide letter dated 21.8.2009, EPMPL had agreed to bear additional tariff on account of change in conductor configuration (from triple moose to quad moose) of the 400 kV Mahan-Sipat Transmission Line. The Commission, taking cognizance of the said letter dated 21.8.2009 of EPMPL as well as taking into consideration no objection of CTU vide letter dated 8.5.2009, approved amendment to the transmission license of the Petitioner vide order dated 15.9.2009. Therefore, additional tariff on account of change in the configuration of conductor is required to be borne by EPMPL as committed by EPMPL in its letter dated 21.8.2009."*

10. In terms of the Commission's order dated 14.3.2022, the transmission charges in respect of 76% of the capital cost (referred to as "Part-A of the tariff") of the Stage-II transmission assets are included in PoC computation and liability corresponding to the remaining 24% of the capital cost (referred to as "Part-B of the tariff") is not included in the PoC computation and has to be borne by EPMPL/Mahan Energy Limited (MEL).

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11. Annual Fixed Charges (AFC) approved by the Commission in respect of the transmission assets under Stage-II for the 2014-19 tariff period in the order dated 14.3.2022 in Petition No. 145/TT/2018 are as follows:

Part-A of the tariff

(₹ in lakh)

Particulars	2018-19 (pro-rata for 191 days)
Depreciation	3256.96
Interest on Loan	6626.56
Return on Equity	3120.83
O & M Expenses	413.61
Interest on Working Capital	290.51
Total	**13708.47**

Part-B of the tariff

(₹ in lakh)

Particulars	2018-19 (pro-rata for 191 days)
Depreciation	933.29
Interest on Loan	1898.85
Return on Equity	894.28
O & M Expenses	51.14
Interest on Working Capital	79.89
Total	**3857.44**

12. The Petitioner has served the copy of the petition upon the Respondents, and notice regarding the filing of this tariff application has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the notices published by the Petitioner under Section 64 of the Electricity Act, 2003. Reply to the petition has been filed by MEL, Respondent No. 7.

13. The hearing in this matter was held on 26.7.2023 and the order was reserved.

14. This order is being issued considering the submissions made by the Petitioner in the petition, the Petitioner's affidavits dated 20.4.2023, 7.6.2023 and the reply filed by MEL, Respondent No. 7 vide affidavit dated 17.5.2023 and the Petitioner's rejoinder

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vide affidavit dated 15.6.2023 and Written Submissions dated 17.8.2023.

15. Having heard the learned counsels of the Petitioner and the Respondents and having perused the material on record, we proceed to dispose of the petition.

16. The Commission, vide order dated 14.3.2022 in Petition No. 145/TT/2018 allowed the tariff in respect of Stage-II transmission assets from COD to 31.3.2019 period subject to truing up on the following tariff parameters:

i) Debt-Equity ratio of 74.39:25.61 as on COD and as on 31.3.2019

ii) Weighted Average rate of Depreciation (WAROD) of 5.28%. Further, the Stage-II assets will complete 12 years beyond the 2019-24 tariff period.

iii) Weighted Average rate of Interest on Loan of 14.71%.

iv) RoE as per Base Rate of 15.50%, MAT rate (2018-19) of 21.549% and Rate of RoE (pre-tax) of 19.758%.

v) O&M Expenses for 336.50 km Mahan-Sipat double circuit (bundled conductor with four or more sub-conductors), 3 numbers of 400 kV reactor bays and 4 numbers of line bays.

17. The Commission directed the Petitioner to submit a petition for truing up of the transmission charges allowed *vide* order dated 14.3.2022 in Petition No. 145/TT/2018 for the period from COD to 31.3.2019 and determination of tariff for the 2019-24 tariff period as per the applicable tariff regulations within a period of 60 days, impleading all the beneficiaries and the DICs as Respondents. Accordingly, the Petitioner has filed the instant petition for the determination of the transmission tariff of the transmission assets under Stage-II for the 2019-24 tariff period in accordance with the 2019 Tariff Regulations.

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18. The Petitioner has made the following submissions in the instant petition:

a) The Commission vide order dated 14.3.2022 divided the tariff payments between PoC pool (76% of the capital cost approved) and EPMPL (24%) of the capital cost approved. Accordingly, the present petition has been filed for (a) tariff to be recovered through PoC and (b) tariff recoverable from EPMPL. EPMPL has since been renamed as MEL.

b) The details of the actual project cost and other details sought by the Commission were submitted during the adjudication of Petition No. 145/TT/2018. Accordingly, the tariff was determined in an order dated 14.3.2022 in Petition No. 145/TT/2018 on the basis of actuals and not on the basis of projections. Since there are no new costs associated with the Stage-II transmission assets, there is no need for true-up of the tariff determined vide order dated 14.3.2022 in Petition No. 145/TT/2018.

c) The capital cost of Stage-II of the transmission system claimed from the common pool is ₹117879.26 lakh and from EPML (now MEL) is ₹33776.98 lakh, as determined vide order dated 14.3.2022 as on COD.

d) Debt-Equity of 74.39:25.61, i.e. same as the 2014-19 period, is as follows:

(₹ in lakh)

Particulars	PoC Part	EPMPL/MEL Part
Debt	87694.60	25129.39
Equity	30184.66	8649.59
Total	117879.26	33778.98

e) The Return on Equity (RoE) has been calculated @18.872% after grossing up the RoE with a MAT rate of 17.472% based on the formula given in Regulation 31(2) of the 2019 Tariff Regulations for the 2019-24 tariff period.

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f) Interest on the loan for the 2019-24 tariff period has been calculated based on the actual rate of interest on the term applicable for the year and the Auditor's Certificate certifying the interest rate on the term loan has been attached.

g) Depreciation has been calculated as specified under Regulation 33 of the 2019 Tariff Regulations on the value base of the order dated 14.3.2022. Depreciation has been calculated annually based on the Straight Line Method and at rates specified in Appendix-I to the said Regulations.

h) O&M Expenses for the 2019-24 period have been claimed as per line length and a number of bays allowed in an order dated 14.3.2022 and norms as per Regulation 35(3)(a) of the 2019 Tarif Regulations. The Petitioner has claimed the insurance expenses for the Stage-II assets under the O&M head and has submitted document proof in support of the same.

19. Accordingly, following tariff has been claimed by the Petitioner for the 2019-24 period:

Part-A of the tariff **(₹ in lakh)**

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	6224.02	6224.02	6224.02	6224.02	6224.02
Interest on Loan	11792.22	10889.73	9987.25	9084.77	8182.28
Return on Equity	5669.13	5669.13	5669.13	5669.13	5669.13
Interest on Working Capital	385.99	383.97	373.27	344.12	330.07
O & M Expenses	683.76	926.19	992.80	636.63	646.33
Total	24755.12	24093.04	23246.47	21958.67	21051.83

Part-B of the tariff **(₹ in lakh)**

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	1783.53	1783.53	1783.53	1783.53	1783.53
Interest on Loan	3379.13	3120.52	2861.90	2603.29	2344.68
Return on Equity	1624.52	1624.52	1624.52	1624.52	1624.52
Interest on Working Capital	106.72	103.27	99.54	95.82	91.85
O & M Expenses	106.76	110.48	114.36	118.39	122.51
Total	7000.66	6742.32	6483.85	6225.56	5967.09

20. As stated above, the COD of the transmission assets under Stage-II is approved

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as 22.9.2018. Further, the Commission has already condoned the time over-run of 2314 days out of 2882 days in order dated 14.3.2022 in Petition No. 145/TT/2018.

Capital Cost

21. Regulations 19 of the 2019 Tariff Regulations provides as follows:

"19. Capital Cost: (1) The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence check in accordance with these regulations shall form the basis for determination of tariff for existing and new projects.

(2) The Capital Cost of a new project shall include the following:
(a) The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;
(b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;
(c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;
(d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;
(e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;
(f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;
(g) Adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 7 of these regulations;
(h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;
(i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
(j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;
(k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;
(l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;
(m) Expenditure on account of fulfilment of any conditions for obtaining environment clearance for the project;
(n) Expenditure on account of change in law and force majeure events; and
(o) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

(3) The Capital cost of an existing project shall include the following:
(a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued-up by excluding liability, if any, as on 1.4.2019;

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(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;
(c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;
(d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;
(e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and
(f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.

(4) The capital cost in case of existing or new hydro generating station shall also include:
(a) cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity with National R&R Policy and R&R package as approved; and
(b) cost of the developer's 10% contribution towards Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) project in the affected area.

(5) The following shall be excluded from the capital cost of the existing and new projects:
(a) The assets forming part of the project, but not in use, as declared in the tariff petition;
(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:

Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be de-capitalised only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of permanent nature, there shall be no de-capitalization of the concerned assets.
(c) In case of hydro generating stations, any expenditure incurred or committed to be incurred by a project developer for getting the project site allotted by the State Government by following a transparent process;
(d) Proportionate cost of land of the existing project which is being used for generating power from generating station based on renewable energy; and
(e) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project which does not carry any liability of repayment."

22. The Petitioner has claimed the following capital cost of Stage-II transmission assets for the 2019-24 period and has submitted an Auditor certificate dated 2.5.2022 in support of its claim:

(₹ in lakh)

	Particulars	**Incurred upto 31.3.2020**	**Incurred for the period 2020-21**	**Incurred upto 31.3.2021**
A	Direct cost (Hard cost)			
	a) Hard cost capitalised after COD	109537.08	319.57	109856.65
	b) Hard cost (Right of Way	4772.51	-	4772.51

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	and Forest Clearance Expenses capitalised up to 31.3.2014			
B	Interest during construction paid to Bank/Financial institutions	77567.21	-	77567.21
C	Finance Charges	710.62	-	710.62
D	Incidental Expenditure during Construction	4420.25	-	4420.25
	Total	197007.07	319.57	197326.64

23. The Petitioner has submitted that 76% of the capital cost of the transmission assets under Stage-II as on 31.3.2019 and 31.3.2024 has to be recovered from common pool, which is about ₹117879.26 lakh and the details of the same is as follows:

(₹ in lakh)

	Capital cost as on 31.3.2019	**Projected ACE**					**Estimated completion cost as on 31.3.2024**
		2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**	
Notional Loan	87694.60	-	-	-	-	-	87694.60
Notional Equity	30184.66	-	-	-	-	-	30184.66
Total	117879.26	-	-		-		117879.26

24. The Petitioner has submitted that 24% of the capital cost of the transmission assets under Stage-II as on 31.3.2019 and 31.3.2024 has to be recovered from EPMPL/MEL, which is about ₹33778.98 lakh and the details of the same is as follows:

(₹ in lakh)

	Capital cost as on 31.3.2019	**Projected ACE**					**Estimated completion cost as on 31.3.2024**
		2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**	
Notional Loan	25129.40	-	-	-	-	-	25129.40
Notional Equity	8649.58	-	-	-	-	-	8649.58
Total	33778.98	-	-		-		33778.98

25. We have considered the submissions of the Petitioner. The capital cost has been dealt with in line with Regulation 19(3) of the 2019 Tariff Regulations. The capital cost as admitted by the Commission as on 31.3.2019 for the transmission assets is considered for the transmission assets as on 1.4.2019 and the same is as follows:

(₹ in lakh)

Particulars	Capital cost for considered as on 31.3.2019
a) Capital cost of Stage-II of the transmission system to be part of PoC	117879.26
b) Capital cost of Stage-II of the transmission system to be claimed from EPMPL/MEL	33778.98

26. As stated above, taking into consideration EPMPL's letter dated 21.8.2009, wherein EMPMPL had agreed to bear the additional tariff on account of change in the conductor configuration of the Mahan-Sipat Transmission Line, the Commission in order dated 14.3.2022 in Petition No. 145/TT/2018 held that the additional tariff on account of increase in cost of Mahan Sipat Transmission Line due to change in conductor configuration from triple moose conductor to quad moose conductor will be exclusively borne by EPMPL. The relevant portions of the Commission's order dated 14.3.2022 is as follows:

> *"45. We, thus, note that vide letter dated 21.8.2009, EPMPL had agreed to bear additional tariff on account of change in conductor configuration (from triple moose to quad moose) of the 400 kV Mahan- Sipat Transmission Line. The Commission, taking cognizance of the said letter dated 21.8.2009 of EPMPL as well as taking into consideration no objection of CTU vide letter dated 8.5.2009, approved amendment to the transmission license of the Petitioner vide order dated 15.9.2009. Therefore, additional tariff on account of change in the configuration of conductor is required to be borne by EPMPL as committed by EPMPL in its letter dated 21.8.2009.*
>
> *46. In terms of above, additional tariff on account of increase in cost of Mahan Sipat Transmission Line due to change in conductor configuration from triple moose conductor to quad moose conductor, is required to be determined that will be borne by EPMPL."*
>
> *"48. It is observed that the difference between the cost of D/C transmission lines with quad moose conductor and D/C transmission lines with triple moose conductor is about ₹38 lakh in 2018-19, i.e. the year in which the Mahan-Sipat Transmission Line achieved COD (it is about ₹39 lakh in January 2022). Thus, the capital cost of D/C quad moose conductor is about 24% more than D/C triple moose conductor. Accordingly, in order to arrive at the capital cost corresponding to transmission line having configuration of triple conductor, 24% of the capital cost is required to be further reduced. Tariff corresponding to this 24% of capital cost is to be borne by EPMPL. Tariff corresponding to the remaining 76% of the capital cost thus arrived shall be included in POC."*

27. MEL filed Review Petition No. 27/RP/2022 in Petition No. 145/TT/2018. The Commission vide order dated 16.1.2023 rejected the Review Petition No. 27/RP/2022 and the relevant portion of the order is as follows:

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"28. We have considered the above contentions of the parties and have perused the impugned order. The Review Petitioner's contention is that it cannot be saddled with any new liability after completion of CIRP. As stated above, the additional cost pertaining to quad moose conductor was agreed to be borne by EPMPL vide letter date 21.8.2009, on the basis of which the transmission licence of EPTCL was amended. Perusal of record reflects that there is categorical admission on the part of erstwhile EPMPL to bear the additional tariff on account of change in conductor configuration from triple moose conductor to quad moose conductor of 400 kV Mahan-Sipat Transmission Line through letter dated 21.8.2009 and CTUIL had also approved the amendment of the transmission licence vide letter dated 8.5.2009. Accordingly, the Commission had rightly arrived at the finding that 'additional tariff on account of increase in cost of Mahan-Sipat Transmission Line due to change in conductor configuration from triple moose conductor to quad moose conductor, is required to be determined that will be borne by EPMPL'.

29. As regards relinquishment, EPMPL relinquished the entire LTA of 750 MW and 450 MW vide its letters dated 10.4.2017 and 30.4.2018 respectively. the said relinquishment was duly accepted by CTUIL vide its letters dated 19.5.2017 and 30.5.2018 for 750 MW (with effect from 12.4.2017 and 450 MW with effect from 4.5.2018, respectively). The amount claimed by CTUIL as dues in IBC proceedings pertained to relinquishment charges for triple moose conductor in terms of order dated 8.3.2019 in Petition No. 92/MP/2015.

30. Had the facts relating to execution of TSA dated 20.8.2008 alongwith its amendments, execution of fresh TSA dated 17.8.2012 on promulgation of the 2010 Sharing Regulations, termination of earlier TSA dated 20.8.2008 with amendments Order in Review Petition No. 27/RP/2022 Page 28 of 29 by deed of termination on 29.3.2014 or the fact that EPMPL was before the NCLT in CIRP, would have come in our knowledge at the time when we were adjudicating Petition No. 145/TT/2018, no material change would have been there in our findings as the Commission imposed liability on the erstwhile EPMPL based on the consent letter dated 21.8.2009 given by EPMPL to EPTCL. Further, the payment liability for period prior to culmination of IBC proceedings in terms of the impugned order dated 14.3.2022 is beyond the scope of the review jurisdiction."

Additional Capital Expenditure

28. The Petitioner has claimed an amount of ₹15.17 lakh of ACE in 2019-20. The Petitioner was directed to submit the details of ACE and justification of the proposed ACE. The Petitioner has neither submitted the details of the ACE claimed for 2019-20 nor any justification for the proposed ACE. Therefore, ACE of ₹15.17 lakh of ACE in 2019-20 claimed by the Petitioner is disallowed.

Capital Cost for the 2019-24 tariff period

29. In view of the above, the capital cost considered with respect to the transmission assets for determination of the tariff for the 2019-24 tariff period is as follows:

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Part-A of the tariff (₹ in lakh)

Particulars	Capital cost (as on COD)	Capital cost allowed as on 31.3.2024
Notional Loan	87694.60	87694.60
Notional Equity	30184.66	30184.66
Total	117879.26	117879.26

Part-B of the tariff (₹ in lakh)

	Capital cost (as on COD)	Capital cost allowed as on 31.3.2024
Notional Loan	25129.40	25129.40
Notional Equity	8649.58	8649.58
Total	33778.98	33778.98

Debt-Equity Ratio

30. Regulation 18 of the 2019 Tariff Regulations provides as follows:

"18. Debt-Equity Ratio: (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that:

i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:

ii. ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

iii. iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.

Explanation.-The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered:

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Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2019, if the equity actually deployed as on 1.4.2019 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 72 of these regulations.

(4) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2019, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation.

(6) Any expenditure incurred for the emission control system during the tariff period as may be admitted by the Commission as additional capital expenditure for determination of supplementary tariff, shall be serviced in the manner specified in clause (1) of this Regulation."

31. The debt-equity considered for the purpose of computation of tariff for the 2019-24 tariff period in respect of Part-A of the tariff is as follows:

Funding	Capital cost as on COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	Capital cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	87694.60	74.39	-	87694.60	74.39
Equity	30184.66	25.61	-	30184.66	25.61
Total	**117879.26**	**100.00**	**-**	**117879.26**	**100.00**

32. The debt-equity considered for the purpose of computation of tariff for 2019-24 tariff period in respect of Part-B of the tariff is as follows:

Funding	Capital cost as on COD (₹ in lakh)	(in %)	ACE during 2019-24 (₹ in lakh)	Capital cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	25129.40	74.39	-	25129.40	74.39
Equity	8649.58	25.61	-	8649.58	25.61
Total	**33778.98**	**100.00**	**-**	**33778.98**	**100.00**

Depreciation

33. Regulation 33 of the 2019 Tariff Regulations provides as follows:

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"33. Depreciation: (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element thereof including communication system. In case of the tariff of all the units of a generating station or all elements of a transmission system including communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:

Provided that effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which single tariff needs to be determined.

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of a transmission system, weighted average life for the generating station of the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

(3) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for development of the generating station:

Provided also that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:

Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.

(4) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2019 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2019 from the gross depreciable value of the assets.

(7) The generating company or the transmission licensee, as the case may be, shall submit the details of proposed capital expenditure five years before the completion of useful life of the project along with justification and proposed life extension. The

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Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure.

(8) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalized asset during its useful services.

(9) Where the emission control system is implemented within the original scope of the generating station and the date of commercial operation of the generating station or unit thereof and the date of operation of the emission control system are the same, depreciation of the generating station or unit thereof including the emission control system shall be computed in accordance with Clauses (1) to (8) of this Regulation.

(10) Depreciation of the emission control system of an existing or a new generating station or unit thereof where the date of operation of the emission control system is subsequent to the date of commercial operation of the generating station or unit thereof, shall be computed annually from the date of operation of such emission control system based on straight line method, with salvage value of 10%, over a period of –

a) twenty-five years, in case the generating station or unit thereof is in operation for fifteen years or less as on the date of operation of the emission control system; or

b) balance useful life of the generating station or unit thereof plus fifteen years, in case the generating station or unit thereof is in operation for more than fifteen years as on the date of operation of the emission control system; or

c) ten years or a period mutually agreed by the generating company and the beneficiaries, whichever is higher, in case the generating station or unit thereof has completed its useful life."

34. We have considered the submissions of the Petitioner. The depreciation has been worked out considering the admitted capital expenditure as on COD as per the rates of depreciation prescribed in the 2019 Tariff Regulations as per the details given in Annexure. Depreciation allowed in respect of the transmission assets for 2019-24 tariff period is as follows:

Part-A of the tariff **(₹ in lakh)**

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	117879.26	117879.26	117879.26	117879.26	117879.26
B	Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	117879.26	117879.26	117879.26	117879.26	117879.26
E	Average Gross Block (A+C)/2	117879.26	117879.26	117879.26	117879.26	117879.26
D	Freehold Land	0.00	0.00	0.00	0.00	0.00

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	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
F	Weighted average rate of Depreciation (WAROD) (in %)	5.2800%	5.2800%	5.2800%	5.2800%	5.2800%
G	Balance useful life of the asset	35	34	33	32	31
H	Elapsed life at the beginning of the year (Year)	0	1	2	3	4
I	Aggregate Depreciable Value	106091.33	106091.33	106091.33	106091.33	106091.33
J	**Depreciation during the year**	**6224.02**	**6224.02**	**6224.02**	**6224.02**	**6224.02**
K	Cumulative depreciation at the end of the year	9480.98	15705.01	21929.03	28153.06	34377.08
L	Remaining Depreciation value at the end of the year (I-K)	96610.35	90386.32	84162.30	77938.27	71714.25

Part-B of the tariff (₹ in lakh)

	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	Depreciation					
A	Opening Gross Block	33778.98	33778.98	33778.98	33778.98	33778.98
B	Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	33778.98	33778.98	33778.98	33778.98	33778.98
E	Average Gross Block (A+C)/2	33778.98	33778.98	33778.98	33778.98	33778.98
D	Freehold Land	0.00	0.00	0.00	0.00	0.00
F	Weighted average rate of Depreciation (WAROD) (in %)	5.2800%	5.2800%	5.2800%	5.2800%	5.2800%
G	Balance useful life of the asset	35	34	33	32	31
H	Elapsed life at the beginning of the year (Year)	0	1	2	3	4
I	Aggregate Depreciable Value	30401.08	30401.08	30401.08	30401.08	30401.08
J	**Depreciation during the year**	1783.53	1783.53	1783.53	1783.53	1783.53
K	Cumulative depreciation at the end of the year	2716.82	4500.35	6283.88	8067.41	9850.94
L	Remaining Depreciation value at the end of the year (I-K)	27684.26	25900.73	24117.20	22333.67	20550.14

Interest on Loan (IoL)

35. Regulation 32 of the 2019 Tariff Regulations provides as follows:

"32. Interest on loan capital: (1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year (5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered;

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(5a) The rate of interest on loan for installation of emission control system shall be the weighted average rate of interest of actual loan portfolio of the emission control system or in the absence of actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing."

36. The Petitioner has claimed the weighted average rate of IoL based on its actual loan portfolio and rate of interest.

37. The IoL has been calculated based on the actual interest rate submitted by the Petitioner and in accordance with Regulation 32 of the 2019 Tariff Regulations. The IoL approved for the transmission assets under Stage-II is as follows:

(₹ in lakh)

	Particulars	**Part-A of the tariff**				
		2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
	Interest on Loan					
A	Gross Normative Loan	87694.60	87694.60	87694.60	87694.60	87694.60
B	Cumulative Repayment upto Previous Year	3256.96	9480.98	15705.01	21929.03	28153.06

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	Particulars	Part-A of the tariff				
		2019-20	2020-21	2021-22	2022-23	2023-24
C	Net Loan-Opening	84437.64	78213.62	71989.59	65765.57	59541.54
D	Addition due to Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	6224.02	6224.02	6224.02	6224.02	6224.02
F	Net Loan-Closing	78213.62	71989.59	65765.57	59541.54	53317.52
G	Average Loan	81325.63	75101.60	68877.58	62653.55	56429.53
H	Weighted Average Rate of Interest on Loan (in %)	14.50	14.50	14.50	14.50	14.50
H	**Interest on Loan (G*H)**	**11792.22**	**10889.73**	**9987.25**	**9084.77**	**8182.28**

(₹ in lakh)

	Particulars	Part-B of the tariff				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Interest on Loan					
A	Gross Normative Loan	25129.40	25129.40	25129.40	25129.40	25129.40
B	Cumulative Repayment upto Previous Year	933.29	2716.82	4500.35	6283.88	8067.41
C	Net Loan-Opening	24196.11	22412.58	20629.05	18845.52	17061.99
D	Addition due to Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	1783.53	1783.53	1783.53	1783.53	1783.53
F	Net Loan-Closing	22412.58	20629.05	18845.52	17061.99	15278.46
G	Average Loan	23304.34	21520.81	19737.28	17953.75	16170.22
H	Weighted Average Rate of Interest on Loan (in %)	14.50	14.50	14.50	14.50	14.50
H	**Interest on Loan (G*H)**	**3379.13**	**3120.52**	**2861.91**	**2603.29**	**2344.68**

Return on Equity (RoE)

38. Regulation 30 and Regulation 31 of the 2019 Tariff Regulations provide as follows:

"30. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 18 of these regulations.

(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of-river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope, excluding additional capitalization on 7 account of emission control system, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system or in the absence of actual loan portfolio of the generating station or the transmission system, the weighted average rate of interest of the generating company or the transmission licensee, as the case may be, as a whole shall be considered, subject to ceiling of 14%.

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Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

ii. in case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;

iii. in case of a thermal generating station, with effect from 1.4.2020:

a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;
b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:

Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019.

(3) The return on equity in respect of additional capitalization on account of emission control system shall be computed at the base rate of one year marginal cost of lending rate (MCLR) of the State Bank of India as on 1st April of the year in which the date of operation (ODe) occurs plus 350 basis point, subject to ceiling of 14%;"

"31. Tax on Return on Equity. (1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be.

The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

(2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where "t" is the effective tax rate in accordance with clause (1) of this Regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), "t" shall be considered as MAT rate including surcharge and cess.

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Illustration-

(i) In case of a generating company or a transmission licensee paying Minimum Alternate Tax (MAT) @ 21.55% including surcharge and cess:

Rate of return on equity = 15.50/(1-0.2155) = 19.758%
(ii) In case of a generating company or a transmission licensee paying normal corporate tax including surcharge and cess:
(a) Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore
(b) Estimated Advance Tax for the year on above is Rs 240 crore;
(c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore/Rs 1000 Crore =24%;
(d) Rate of return on equity = 15.50/ (1-0.24) = 20.395%.

(3) The generating company or the transmission licensee, as the case may be, shall true up the grossed-up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2019-24 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term customers, as the case may be, on year to year basis."

39. The Petitioner has submitted that the MAT rate is applicable to the Petitioner's company. Accordingly, the MAT rate applicable in 2019-20 has been considered for the purpose of RoE, which will be trued-up with the actual tax rate in accordance with Regulation 31(3) of the 2019 Tariff Regulations. RoE allowed for the transmission assets under Stage-II is as follows:

(₹ in lakh)

Part-A of the tariff						
	Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
	Return on Equity					
A	Opening Equity	30184.66	30184.66	30184.66	30184.66	30184.66
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	30184.66	30184.66	30184.66	30184.66	30184.66
D	Average Equity (A+C)/2	30184.66	30184.66	30184.66	30184.66	30184.66
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	**Return on Equity (D*G)**	**5669.28**	**5669.28**	**5669.28**	**5669.28**	**5669.28**

(₹ in lakh)

Part-B of the tariff						
	Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
	Return on Equity					
A	Opening Equity	8649.58	8649.58	8649.58	8649.58	8649.58

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	Part-B of the tariff					
	Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	8649.58	8649.58	8649.58	8649.58	8649.58
D	Average Equity (A+C)/2	8649.58	8649.58	8649.58	8649.58	8649.58
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	**Return on Equity (D*G)**	**1624.56**	**1624.56**	**1624.56**	**1624.56**	**1624.56**

Operation & Maintenance Expenses ("O&M Expenses")

40. The O&M Expenses claimed by the Petitioner is as follows:

(₹ in lakh)

Element	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
400 kV D/C (quad moose conductor) transmission line from Mahan TPP to Sipat Pooling Station (line length: 336.50 km) 400 kV Line bays at Mahan (2 numbers) 400 kV Line bays at Sipat (2 numbers) 400 kV bays of 80 MVAR bus reactor at Mahan (1 number)	683.76	926.19	992.80	636.63	646.33

41. The Regulation 35(3)(a) of the 2019 Tariff Regulations provides as follows:

"35. Operation and Maintenance Expenses:

(3) Transmission system: *(a) The following normative operation and maintenance expenses shall be admissible for the transmission system:*

Particulars	***2019-20***	***2020-21***	***2021-22***	***2022-23***	***2023-24***
Norms for sub-station Bays (₹ Lakh per bay)					
765 kV	*45.01*	*46.60*	*48.23*	*49.93*	*51.68*
400 kV	*32.15*	*33.28*	*34.45*	*35.66*	*36.91*
220 kV	*22.51*	*23.30*	*24.12*	*24.96*	*25.84*
132 kV and below	*16.08*	*16.64*	*17.23*	*17.83*	*18.46*
Norms for Transformers (₹ Lakh per MVA)					
765 kV	*0.491*	*0.508*	*0.526*	*0.545*	*0.564*
400 kV	*0.358*	*0.371*	*0.384*	*0.398*	*0.411*
220 kV	*0.245*	*0.254*	*0.263*	*0.272*	*0.282*
132 kV and below	*0.245*	*0.254*	*0.263*	*0.272*	*0.282*
Norms for AC and HVDC lines (₹ Lakh per km)					
Single Circuit (Bundled Conductor with six or more sub-conductors)	*0.881*	*0.912*	*0.944*	*0.977*	*1.011*

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Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Single Circuit (Bundled conductor with four sub-conductors)	*0.755*	*0.781*	*0.809*	*0.837*	*0.867*
Single Circuit (Twin & Triple Conductor)	*0.503*	*0.521*	*0.539*	*0.558*	*0.578*
Single Circuit (Single Conductor)	*0.252*	*0.260*	*0.270*	*0.279*	*0.289*
Double Circuit (Bundled conductor with four or more sub-conductors)	*1.322*	*1.368*	*1.416*	*1.466*	*1.517*
Double Circuit (Twin & Triple Conductor)	*0.881*	*0.912*	*0.944*	*0.977*	*1.011*
Double Circuit (Single Conductor)	*0.377*	*0.391*	*0.404*	*0.419*	*0.433*
Multi Circuit (Bundled Conductor with four or more sub-conductor)	*2.319*	*2.401*	*2.485*	*2.572*	*2.662*
Multi Circuit (Twin & Triple Conductor)	*1.544*	*1.598*	*1.654*	*1.713*	*1.773*
Norms for HVDC stations					
HVDC Back-to-Back stations (Rs Lakh per 500 MW) (Except Gazuwaka BTB)	*834*	*864*	*894*	*925*	*958*
Gazuwaka HVDC Back-to-Back station (₹ Lakh per 500 MW)	*1,666*	*1,725*	*1,785*	*1,848*	*1,913*
500 kV Rihand-Dadri HVDC bipole scheme (Rs Lakh) (1500 MW)	*2,252*	*2,331*	*2,413*	*2,498*	*2,586*
±500 kV Talcher- Kolar HVDC bipole scheme (Rs Lakh) (2000 MW)	*2,468*	*2,555*	*2,645*	*2,738*	*2,834*
±500 kV Bhiwadi-Balia HVDC bipole scheme (Rs Lakh) (2500 MW)	*1,696*	*1,756*	*1,817*	*1,881*	*1,947*
±800 kV, Bishwanath-Agra HVDC bipole scheme (Rs Lakh) (3000 MW)	*2,563*	*2,653*	*2,746*	*2,842*	*2,942*

Provided that the O&M expenses for the GIS bays shall be allowed as worked out by multiplying 0.70 of the O&M expenses of the normative O&M expenses for bays;

Provided further that:

(i) the operation and maintenance expenses for new HVDC bi-pole schemes commissioned after 1.4.2019 for a particular year shall be allowed pro-rata on the basis of normative rate of operation and maintenance expenses of similar HVDC bi-pole scheme for the corresponding year of the tariff period;
(ii) the O&M expenses norms for HVDC bi-pole line shall be considered as Double Circuit quad AC line;
(iii) the O&M expenses of ±500 kV Mundra-Mohindergarh HVDC bipole scheme (2500 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for ±500 kV Talchar-Kolar HVDC bi-pole scheme (2000 MW);
(iv) the O&M expenses of ±800 kV Champa-Kurukshetra HVDC bi-pole scheme (3000 MW) shall be on the basis of the normative O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme;
(v) the O&M expenses of ±800 kV, Alipurduar-Agra HVDC bi-pole scheme (3000 MW) shall be allowed as worked out by multiplying 0.80 of the normative

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O&M expenses for ±800 kV, Bishwanath-Agra HVDC bi-pole scheme; and
(vi) the O&M expenses of Static Synchronous Compensator and Static Var Compensator shall be worked at 1.5% of original project cost as on commercial operation which shall be escalated at the rate of 3.51% to work out the O&M expenses during the tariff period. The O&M expenses of Static Synchronous Compensator and Static Var Compensator, if required, may be reviewed after three years.

(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of sub-station bays, transformer capacity of the transformer (in MVA) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA and per km respectively.

(c) The Security Expenses and Capital Spares for transmission system shall be allowed separately after prudence check:

Provided that the transmission licensee shall submit the assessment of the security requirement and estimated security expenses, the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification."

42. We have considered the submissions of the Petitioner. O&M Expenses have been worked out as per the norms in the 2019 Tariff Regulations and the same are as follows:

(₹ in lakh)

Element	2019-20	2020-21	2021-22	2022-23	2023-24
336.50 km Mahan-Sipat Double circuit (Bundled conductor with four or more sub-conductors) O&M Expenses allowed to the extent of 76%	338.09	349.85	362.13	374.91	387.96
3 number of 400 kV Reactor bays	96.45	99.84	103.35	106.98	110.73
4 number of line bays	128.6	133.12	137.8	142.64	147.64
Total O&M Expenses	**563.14**	**582.81**	**603.28**	**624.53**	**646.33**

43. O&M Expenses of 24% payable by EPMPL is as follows:

(₹ in lakh)

Element	2019-20	2020-21	2021-22	2022-23	2023-24
336.50 km Mahan-Sipat Double circuit (Bundled conductor with four or more sub-conductors) O&M Expenses allowed to the extent of 24% to be borne by EPMPL.	106.76	110.48	114.36	118.39	122.51

44. The Petitioner has claimed the insurance premium under security expenses in

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the 2019-24 tariff period. The details of the same is as follows:

Details	2019-20	2020-21	2021-22	2022-23	2023-24
Insurance premium	121	343	390	12	-

45. We have considered the submissions of the Petitioner. The 2019 Tariff Regulations do not provide for reimbursement for insurance premiums. Accordingly, the Petitioner's claim of insurance premium is disallowed.

Interest on Working Capital

46. Regulation 34(1)(c), Regulation 34(3), Regulation 34(4) and Regulation 3(7) of the 2019 Tariff Regulations provide as follows:

> *"34. Interest on Working Capital: (1) The working capital shall cover:*
> *.....*
> *(c) For Hydro Generating Station (including Pumped Storage Hydro Generating Station) and Transmission System:*
> *(i) Receivables equivalent to 45 days of annual fixed cost;*
> *(ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and*
> *(iii) Operation and maintenance expenses, including security expenses for one month."*
>
> *"(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:*
>
> *Provided that in case of truing-up, the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the tariff period 2019-24."*
>
> *"(4) Interest on working capital shall be payable on normative basis notwithstanding that the generating company or the transmission licensee has not taken loan for working capital from any outside agency."*
>
> *"3. Definitions ...*
>
> ***(7) 'Bank Rate'*** *means the one-year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points;"*

47. The Petitioner has submitted that it has computed IWC for the 2019-24 period as provided under Regulation 34(1)(c) of the 2019 Tariff Regulations. The Petitioner has submitted that it has considered the rate of IWC as 12.05% as provided under

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Regulation 34(3) of the 2019 Tariff Regulations. The IWC is worked out in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (RoI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-21 and from 2021-22 onwards has been considered as 10.50% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.00% plus 350 basis points). The components of the working capital and interest thereon allowed are as follows:

(₹ in lakh)

	Part-A of the tariff					
	Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
	Interest on Working Capital					
A	Working Capital for O&M Expenses (O&M Expenses for 1 month)	46.93	48.57	50.27	52.04	53.86
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	84.47	87.42	90.49	93.68	96.95
C	Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	3028.20	2923.15	2810.18	2700.18	2583.07
D	**Total Working Capital**	3159.60	3059.14	2950.95	2845.90	2733.88
E	Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
F	**Interest on Working Capital**	**380.73**	**344.15**	**309.85**	**298.82**	**287.06**

(₹ in lakh)

	Part-B of the tariff					
	Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
	Interest on Working Capital					
A	Working Capital for O&M Expenses (O&M Expenses for 1 month)	8.90	9.21	9.53	9.87	10.21
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	16.01	16.57	17.15	17.76	18.38
C	Working Capital for Receivables (Equivalent to 45 days of annual transmission charges)	860.74	830.39	797.79	766.00	732.19
D	**Total Working Capital**	**885.65**	**856.17**	**824.47**	**793.62**	**760.78**
E	Rate of Interest (in %)	12.05	11.25	10.50	10.50	10.50
F	**Interest on Working Capital**	106.72	96.32	86.57	83.33	79.88

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Annual Fixed Charges for the 2019-24 Tariff Period

48. The transmission charges allowed for the 2019-24 tariff period are as follows:

(₹ in lakh)

	Part-A of the tariff					
	Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
	Annual Transmission Charges					
A	Depreciation	6224.02	6224.02	6224.02	6224.02	6224.02
B	Interest on Loan	11792.22	10889.73	9987.25	9084.77	8182.28
C	Return on Equity	5669.28	5669.28	5669.28	5669.28	5669.28
D	O&M Expenses	563.14	582.81	603.28	624.53	646.33
E	Interest on Working Capital	380.73	344.15	309.85	298.82	287.06
F	**Total (A+B+C+D+E)**	**24629.39**	**23709.99**	**22793.68**	**21901.42**	**21008.97**

(₹ in lakh)

	Part-B of the tariff					
	Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
	Annual Transmission Charges					
A	Depreciation	1783.53	1783.53	1783.53	1783.53	1783.53
B	Interest on Loan	3379.13	3120.52	2861.91	2603.29	2344.68
C	Return on Equity	1624.56	1624.56	1624.56	1624.56	1624.56
D	O&M Expenses	106.76	110.48	114.36	118.39	122.51
E	Interest on Working Capital	106.72	96.32	86.57	83.33	79.88
F	**Total (A+B+C+D+E)**	**7000.70**	**6735.41**	**6470.93**	**6213.11**	**5955.16**

49. It is observed that the Petitioner has prayed that EPMPL/MEL may be directed to provide a Letter of Credit (LC) for the portion of the tariff to be borne by EPMPL/MEL for the period from September 2018 till October 2021. The Petitioner has also prayed, without prejudice to the Petitioner's case in Appeal No. 71/2023 before the Appellate Tribunal for Electricity (APTEL), to direct that MEL's portion of the tariff be paid out of the PoC pool in the event that MEL succeeds in Appeal No. 71/2023.

50. In this regard, MEL has made the following submissions:

a) MEL filed Appeal No. 71/2023 against the Commission's order dated 14.3.2022 in Petition No.145/TT/2018, and APTEL vide interim order dated 24.1.2023 in IA No. 1927 of 2022 has stayed the payment towards invoices raised by CTUIL for the period from September 2018 till October 2021. However, MEL was directed to pay the transmission charges from

1.11.2021. Accordingly, MEL is paying the charges. As the matter is sub-judice before the APTEL, EPTCL cannot seek for opening of LC, which has not been allowed by the APTEL.

b) MEL has relinquished the LTA, and it is neither an LTA nor MTOA customer, and MEL is not required to open LC.

c) The tariff for the 2019-24 tariff period may be granted at the earliest as MEL is paying a higher tariff determined for the 2018-19 tariff period in 2019-24.

51. In response, the Petitioner has submitted as follows:

a. The users of transmission services of the inter-State transmission licensees are expected to provide payment security mechanisms by way of LC. Accordingly, the prayer of EPTCL is as per law and not against the interim order passed by the APTEL.

b. The capital cost recovery by way of transmission charges cannot be compared to open access charges and they are different. Any surrender or relinquishment of an open access capacity by MEL will not affect its liability to pay the transmission charges to EPTCL. The payment security demanded by EPTCL is to secure the recovery of its transmission tariff and not to secure the payment of long-term or medium-term open access charges.

c. Opening and maintaining of LC is a statutory requirement. As per Rule 6 of the Electricity (Late payment surcharge & Related Matters) Rules, 2022 transmission users and distribution licensees have to maintain unconditional, irrevocable and adequate payment security mechanisms.

d. It is wrong to suggest that MEL is being asked to pay a higher amount of tariff for the 2019-24 tariff period since the billing has to continue on the basis of the tariff determined for the 2018-19 tariff period as per the tariff regulations.

52. We have considered the above contentions of the Petitioner and MEL and have perused the record. The Petitioner has sought directions to MEL to open LC for the portion of the tariff to be borne by EPMPL/MEL for the period from September 2018 till October 2021. The Petitioner has also requested to direct that MEL's portion of the tariff be paid out of the PoC pool in the event that MEL succeeds in Appeal No. 71/2023. In response, MEL has contended that EPMPL has relinquished its LTA and that it is neither an LTA nor a MTOA customer and, therefore, it is not required to open any LC. We observe that MEL has filed Appeal No.71 of 2023 before the APTEL against the Commission's order dated 14.3.2022 in Petition No. 145/TT/2018 directing MEL to bear the transmission charges for 24% of the capital cost of the transmission assets for the period from September 2018 to October 2021 and APTEL in its interim order dated 24.1.2023 in I.A No.1927 of 2022 in Appeal No.71 of 2023 granted an interim stay of the invoices raised by CTUIL on MEL for the period from September 2018 till October 2021. However, APTEL directed MEL to pay the transmission charges for the period from 1.1.2021 till the disposal of the Appeal filed by MEL. The relevant portion of the order dated 24.1.2023 is extracted hereunder:

> *"17. We are satisfied that both the ingredients, apart from a prima facie case being made out, ie the test of balance of convenience and irreparable injury, are satisfied in the present case. The IA is partly allowed, and there shall be interim stay of payment of the invoices raised by CTUIL for the period from September, 2018 till October, 2021. The Appellant shall, however, pay the dues for the period from 01.11.2021 till date, and thereafter till the main appeal is finally disposed of, subject, of course, to the result of the main appeal."*

53. APTEL has given an interim stay with regard to the transmission charges in respect of 24% of the capital cost of the transmission assets for the period from

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September 2018 to October 2021 till the disposal of the main Appeal. APTEL is already seized of this issue. Therefore, we do not deem it fit for us to intervene in this issue. Accordingly, the Petitioner's prayer for directions to MEL to open an LC for the portion of transmission charges to be borne by EPMPL/ MEL for the period from September 2018 to October 2021 is disallowed.

54. We are of the view that the Petitioner's prayer for issuing directions that the MEL's portion of the tariff to be paid from the common pool in the event that MEL succeeds in Appeal No.71 of 2023 is premature and does not deserve our intervention at this stage. Accordingly, this prayer of the Petitioner is also disallowed.

55. MEL has contended that it has been paying higher transmission charges for the 2019-24 tariff period on the basis of the Commission's order dated 14.3.2022 for the transmission assets for the period from its COD to 31.3.2019. Therefore, a provisional tariff may be granted for the transmission assets for the 2019-24 tariff period so that it is not compelled to pay higher transmission charges. As we are approving the transmission charges for the transmission assets under Stage-II of the transmission system for the 2019-24 tariff period, MEL's prayer for the grant of the provisional tariff has become infructuous.

Sharing of Transmission Charges

56. The tariff approved in this order for 76% of the capital cost of the transmission assets under the Stage-II of the transmission system for the period from 1.4.2019 to 1.11.2020 shall be governed by the Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses) Regulations, 2010. Thereafter, the billing, collection, and disbursement of transmission charges shall be governed by the provisions of the Central Electricity Regulatory Commission (Sharing of Transmission

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Charges and Losses) Regulations, 2020. The tariff corresponding to the remaining 24% of capital cost (including IDC, FC and IEDC) of the transmission assets for the period from the COD to 31.10.2021 shall be as per the decision of APTEL in Appeal No.71 of 2023 and the transmission charges for the transmission assets under the Stage-II of the transmission system approved in this order for the period from 1.11.2021 shall be billed bilaterally on EPMPL/MEL as held by the Commission in order dated 14.3.2022 in Petition No.145/TT/2018 and in accordance with the APTEL's order dated 24.1.2023 in IA No.1927 of 2022.

57. To summarise:

The Annual Fixed Charges allowed for the transmission assets for the 2019- 24 tariff period in the instant order are as follows:

(₹ in lakh)

Annual Fixed Cost (Part-A of the tariff)					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Annual Transmission Charges	**24629.39**	**23709.990**	**22793.68**	**21901.42**	**21008.97**

(₹ in lakh)

Annual Fixed Cost (Part-B of the tariff)					
Particulars	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Annual Transmission Charges	**7000.70**	**6735.41**	**6470.93**	**6213.11**	**5955.16**

58. The Annexure to this order form part of the order.

59. This order disposes of Petition No. 24/TT/2023 in terms of the above discussions and findings.

sd/-	**sd/-**	**sd/-**	**sd/-**
(P. K. Singh)	**(Arun Goyal)**	**(I. S. Jha)**	**(Jishnu Barua)**
Member	**Member**	**Member**	**Chairperson**

Essar Transco Limited

CERC Website S. No.

Annexure

(For 76%)										(₹ in lakh)
Capital Expenditures as on COD/ 1.4.2019	**Admissible Capital Cost as on 31.3.2019**	**Projected Additional capitalisation**		**Estimated Completion Cost as 31.03.2024**	**Rate of Depreciation as per Regulation 33**	**Depreciation as per Regulation**				
		2019-24	**Total**			**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Freehold Land	0.00	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00
Leasehold Land	0.00	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Building & Other Civil Works	0.00	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Transmission Line	114018.39	0.00	0.00	114018.39	5.28%	6020.17	6020.17	6020.17	6020.17	6020.17
Sub-Station Equipment	3,860.87	0.00	0.00	3860.87	5.28%	203.85	203.85	203.85	203.85	203.85
PLCC	0.00	0.00	0.00	0.00	6.33%	0.00	0.00	0.00	0.00	0.00
IT assets	0.00	0.00	0.00	0.00	15.00%	0.00	0.00	0.00	0.00	0.00
Total	**1,17,879.26**	**0.00**	**0.00**	**1,17,879.26**		**6,224.02**	**6,224.02**	**6,224.02**	**6,224.02**	**6,224.02**
					Average Gross Block	117879.26	117879.26	117879.26	117879.26	117879.26
					Weighted average rate of depreciation	5.2800%	5.2800%	5.2800%	5.2800%	5.2800%

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(₹ in lakh)

(For 24%)

Capital Expenditures as on COD/ 1.4.2019	Admissible Capital Cost as on 31.03.2019	Projected Additional capitalisation		Estimated Completion Cost as 31.03.2024	Rate of Depreciation as per Regulation 33	Depreciation as per Regulation				
		2019-24	Total			2019-20	2020-21	2021-22	2022-23	2023-24
Freehold Land	0.00	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00
Leasehold Land	0.00	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Building & Other Civil Works	0.00	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Transmission Line	0.00	0.00	0.00	0.00	5.28%	0.00	0.00	0.00	0.00	0.00
Sub-Station Equipment	33,778.98	0.00	0.00	33778.98	5.28%	1,783.53	1783.53	1,783.53	1,783.53	1,783.53
PLCC	0.00	0.00	0.00	0.00	6.33%	0.00	0.00	0.00	0.00	0.00
IT assets	0.00	0.00	0.00	0.00	15.00%	0.00	0.00	0.00	0.00	0.00
Total	**33,778.98**	**0.00**	**0.00**	**33,778.98**		**1,783.53**	**1,783.53**	**1,783.53**	**1,783.53**	**1,783.53**
					Average gross block	33778.98	33778.98	33778.98	33778.98	33778.98
					Weighted average rate of depreciation	**5.2800%**	**5.2800%**	**5.2800%**	**5.2800%**	**5.2800%**

Essar Transco Limited

Annexure-2

CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 187/MP/2023

Coram:
Shri Jishnu Barua, Chairperson
Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri P.K. Singh, Member

Date of Order: 23rd November, 2023

In the matter of

Petition under Sections 79(1)(c), (e) and (k) read with 17(3) and 18 of the Electricity Act, 2003 seeking amendment and transfer of Petitioner's Inter-State Transmission Licence.

And
In the matter of

Essar Power Transmission Company Limited,
Essar House, 11, KK Marg,
Mahalaxmi, Mumbai-400034 **Petitioners**

Vs.

1. Central Transmission Utility of India Limited,
Plot No. 2, Near IFFCO Chowk Metro Station,
Sector 29, Gurugram-122 001, Haryana

2. Adani Transmission Limited,
Adani Corporate House,
Shantigram, Near Vaishnodevi Circle,
S G Highway, Khodiyar,
Ahmedabad-382421, Gujarat

3. Essar Transco Limited,
Essar House, 11, KK Marg,
Mahalaxmi, Mumbai 400034

4. Essar Power Limited
27th KM, Surat Hazira Road
Hazira Surat-394270, Gujarat **.. Respondents**

The following were present:

Shri Sanjay Sen, Sr. Advocate, EPTCL
Ms. Mandakini Ghosh, Advocate, EPTCL
Ms. Neha Dabral, Advocate, EPTCL

Essar Transco Limited

Ms. Swapna Seshadri, Advocate, EPTCL
Shri Aman Nair, Advocate, EPTCL
Ms. Shivani Verma, Advocate, EPTCL
Ms. Kritika Khanna, Advocate, EPTCL
Shri Hemant Singh, Advocate, ATL
Shri Lakshyajit Singh, Advocate, ATL
Ms. Lavanya Panwar, Advocate, ATL
Shri Shaurya Kumar, Advocate, ATL
Shri Siddharth Sharma, CTUIL
Shri R. Sricharan, CTUIL

ORDER

The Petitioner, Essar Power Transmission Company Limited, has filed the present Petition under Sections 79(1)(c), (e) and (k) read with 17(3) and 18 of the Electricity Act, 2003 (hereinafter referred to as 'the Act') read with the Transmission Service Agreement dated 23.10.2019 seeking, *inter-alia*, an amendment to the inter-State transmission licence bearing No.4/Transmission/CERC dated 8.4.2008 granted to the Petitioner by the Commission vide its order dated 10.4.2008 in Petition No. 157 of 2007. The Petitioner is seeking to transfer its Stage-II Assets to Respondent No.3, Essar Transco Limited (ETL) through a scheme of demerger to be approved by the National Company Law Tribunal, Indore, along with the corresponding licence. Learned senior counsel submitted that subsequent to the above, the Petitioner will transfer its entire equity shareholding in ETL to Respondent No.2, Adani Transmission Limited, or its subsidiary. The Petitioner has made the following prayers:

> *"(a) Amend the ISTS License (bearing No.4/Transmission/CERC) dated 08/04/2008 and permit transfer of Stage-II Assets (set out in ANNEXURE B) in order that the license corresponding to the said assets stand transferred and vested in the Respondent No. 3 Essar Transco Limited in terms of inter alia S. 17 of the Electricity Act, 2003 to take effect as on the appointed date of the scheme of demerger, i.e., 01/04/2023;*
>
> *(b) Amend and declare that ISTS License No.4/Transmission/CERC dated 08/04/2008 shall continue to remain operative and effective in relation to the corresponding Stage-I Assets (set out in ANNEXURE C) in the name of the Petitioner; and/or*

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(c) Pass any other orders as may be deemed necessary in the interest of justice."

Background

2. The Commission, vide its order dated 10.4.2008 in Petition No. 157 of 2007 granted an inter-State transmission licence to the Petitioner company consisting of the following assets:

Transmission lines

S. No.	Transmission lines	Approximately Line length (kms)
(i)	400 kV D/C (triple conductor) transmission line from Mahan to Sipat Pooling sub-station	315
(ii)	LILO of existing 400 kV S/C Vindyachal-Korba transmission line of Powergrid at Mahan.	20
(iii)	400 kV D/C (twin conductor) transmission line from Gandhar NTPC switchyard to Hazira	97

A. **Sub-stations**:

(i)	3X500 MVA 400/220 kV sub-station at Hazira
(ii)	2X50 MVAR line reactors at Sipat pooling sub-station
iii)	2X50 MVAR line reactors at Mahan
(iv)	1X80 MVAR, 420 kV switchable bus reactor at Mahan TPS along with its associated 400 kV bay
(v)	2 Nos. 400 kV line bays at Sipat pooling sub-station
(vi)	2 Nos. 4000 kV line bays at Gandhar (NTPC) switchyard
(vii)	4 Nos. 400 kV line bays at Mahan TPS

3. Subsequently, the transmission licence granted to the Petitioner company was amended vide order dated 15.9.2009 and accordingly, modified the configuration from Triple conductor to Quad Moose conductor for the 400 kV D/C Mahan-Sipat transmission line.

4. The assets covered in the transmission licence were put into commercial operation by the Petitioner in two stages i.e., Stage-I (including LILO) and Stage-II as under:

Essar Transco Limited

Stage-I Assets

I	Transmission Lines	Length (in km)
1	400 kV D/C (twin conductor) transmission line from Gandhar (NTPC) switchyard to Hazira	104.6
II	**400/220 kV GIS Sub-station at Hazira**	**Number of bays**
1	500 MVA Transformers	3 (Only 2 have been installed and commissioned)
2	220 kV Bays at Hazira	2
3	400 kV Sub-station and line bays (GIS) at Hazira (including tie bays)	5*
4	400 kV line bays (AIS) at Gandhar**	2

*2 Line Bays, 2 ICTs Bays & 1 Bus coupler and Metering Bay

**Ownership of these bays lies with NTPC, Gandhar

LILO

I	Transmission Lines	Length (in km)
1	LILO of 400 kV S/C Vidhyachal-Korba transmission line of Powergrid at Mahan	22.4
II	**Line Bays**	**Units (in Number)**
1	400 kV LILO Bays at Mahan Switchyard	2

Stage-II Assets

I	Transmission Lines	Length (in km)
1	400 kV (Quad Moose Conductor) D/C transmission line from Mahan Thermal Power plant to Sipat Pooling Sub-station (Presently at Bharari, Bilaspur)	336.50
II	**Line Bays**	**Units (in Number)**
1	400 kV line bays at Mahan and Sipat	4
III	**Reactors**	**Units (in Number)**
1	50 MVAR integrated line reactor at Sipat Pooling Sub-Station	2
2	50 MVAR switchable line reactor at Mahan TPP along with associated bays	2
3	80 MVAR switchable bus reactor at Mahan TPP along with associated bays	1

Submissions of the Petitioner

5. The Petitioner, has mainly submitted as under:

(a) The Petitioner has entered into a definitive agreement with Adani Transmission Limited (ATL) for the sale and transfer of the Stage-II assets, subject to completion of corporate, lender and regulatory approvals.

(b) The Stage-II Assets will be transferred to Essar Transco Limited (ETL) through a scheme of demerger (with effect from the appointed date i.e. 1.4.2023) to be approved by the National Company Law Tribunal, Indore Bench, along with its corresponding licence.

(c) Post-transfer of Stage-II Assets along with its corresponding licence to ETL and post carving out of LILO, the Petitioner will continue to own and operate the Stage-I Assets under its present ISTS licence. Licence No.4/Transmission/CERC dated 8.4.2008 may be amended to this limited extent in order to enable the Petitioner to continue to operate Stage-I Assets. The limited amendment to the existing transmission licence would be to only carve out the relevant Stage-II Assets and LILO and in all other respects i.e., the Stage-I Assets along with its corresponding licence will continue in the hands of the Petitioner.

(d) The transfer/demerger of the Stage-II Assets along with its corresponding licence into ETL is sought to be justified *inter alia* for the following reasons:

(i) The Stage-I and Stage-II Assets are geographically distinct and are not connected to each other.

(ii) Both Stage-I and Stage-II Assets have achieved commercial operation date, and the Commission determines the tariffs thereof through separate and distinct tariff orders.

(iii) The amendment of the transmission licence and transfer of Stage-II Assets along with its corresponding licence contemplated in the instant Petition would not be detrimental to public interest since the tariff for both

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Stage-I and Stage-II Assets will not be impacted as a result of the amendments sought in this Petition.

(iv) The proposed amendment of the transmission licence and transfer of Stage-II Assets along with its corresponding licence will result in better coordination and will ensure that the respective transmission assets are operated and maintained efficiently and economically, which would further public interest.

(iv) ETL is a 100% subsidiary of an existing transmission licensee, to which the Stage-II Assets, along with its corresponding licence, will be transferred, possesses the technical know-how and manpower to be able to discharge the obligations of a licensee. In fact, since the transfer of the Stage-II Assets from the Petitioner to ETL is being done (through a scheme of demerger to be duly approved by the NCLT) on a going concern basis along with the entire regulated asset base and employees, the management and technical expertise which were part and parcel of the Petitioner for Stage-II Assets, will vest in their entirety in ETL. ETL will ultimately be owned by ATL which currently has numerous subsidiaries with the transmission licensees.

(iv) The scheme of demerger filed by the Petitioner to transfer Stage-II Assets into ETL has an appointed date of 1.4.2023. The appointed date of 1.4.2023 is the date on which the demerger scheme shall become effective, but shall only be operative after the present Petition is approved by this Commission.

(v) Post order dated 1.6.2022, LILO has been opened but the same continues to remain as a component of the ISTS licence of the Petitioner. Post carving out and separation of LILO from the ISTS licence, the Petitioner proposes to transfer LILO to EPOL or its subsidiary, since no licence is required any longer for the LILO.

Hearing dated 18.8.2023

6. Notice was issued to the Respondents to file their respective replies. The Petitioner, vide Record of proceedings for the hearing dated 18.8.2023, was directed

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to comply with the procedures laid down under Section 18(2)(a) of the Electricity Act, 2003 read with Regulations 19 and 7 of the Transmission Licence Regulations. The Petitioner was further directed to clarify whether the demerger of EPTCL and vesting of Stage-II assets in ETL have been approved by NCLT along with documentary proof. The Commission directed CTUIL to submit its recommendation for an amendment to the transmission licence of the Petitioner.

7. In compliance with the direction of the Commission, CTUIL has submitted its recommendations dated 21.9.2023 vide affidavit dated 25.9.2023.

8. The Petitioner, vide its affidavit dated 9.10.2023, has submitted as under:

(a) EPTCL has duly complied with Regulations 19 and 7 of the Transmission Licence Regulations by publishing a notice on 21.8.2023 in the Business Standard daily newspaper.

(b) On 17.5.2023, EPTCL filed the First Motion Petition (hereinafter referred to as the "FMP") bearing No. CA(CAA)/3 (MP) of 2023 in relation to the Scheme of Arrangement (hereinafter being referred to as the "Scheme") for the proposed demerger of the Stage II Assets to ETL, before the NCLT, seeking directions for the convening of the meetings of equity shareholders, secured creditors and unsecured creditors. The NCLT, *vide* order dated 6.7.2023, allowed EPTCL's FMP and *inter alia* directed EPTCL to convene

a meeting of its equity shareholders, secured creditors and unsecured creditors on 16.8.2023 to seek their approval of the Scheme.

(c) Subsequently, the equity shareholders (with consent from 100% equity shareholders present and voting) and unsecured creditors (with consent from 100% unsecured creditors present and voting) approved the Scheme in their meetings held on 16.8.2023, respectively. The secured creditors (with consent from 100% secured creditors present and voting) approved the Scheme during their meeting held on 23.8.2023.

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(d) After complying with the NCLT's directions, on 22.9.2023, EPTCL filed the Second Motion Petition (hereinafter referred to as the "SMP") before the NCLT seeking the sanction of the Scheme. The SMP is currently pending scrutiny before the Registry, NCLT, Indore Bench. The order passed by the NCLT in the SMP filed by EPTCL for sanctioning the scheme will become effective once it is filed by EPTCL with the jurisdictional Registrar of Companies. The appointed date of the demerger scheme is 1.4.2023.

(e) Further, ETL has also filed FMP bearing No. CA(CAA)/6(MP) of 2023 before NCLT, Indore Branch on 9.8.2023 seeking dispensation of meetings of equity shareholders and creditors (secured and unsecured). The NCLT, *vide* order dated 21.9.2023, allowed ETL's FMP, *inter-alia*, holding that the meetings of the equity shareholders, secured creditors and unsecured creditors of ETL are dispensed with, in light of the consent affidavits provided by 100% shareholders of ETL and ETL not having any secured or unsecured creditors.

(f) After complying with the directions of the NCLT, Indore, ETL will file its SMP within seven days from the receipt of a certified copy of the order dated September 21, 2023, i.e. by October 11, 2023, for seeking the NCLT's sanction to the Scheme. Once the SMP is filed by ETL, the NCLT will direct ETL to *inter alia* re-issue notices to statutory authorities. The order passed by the NCLT pursuant to the SMP filed by the ETL for sanctioning the Scheme will become effective once it is filed by ETL with the jurisdictional Registrar of Companies.

(g) The scheme will become effective once it is also approved by the NCLT pursuant to the aforementioned applications filed by ETL.

(h) As regards CTUIL's recommendations that the company to which the transmission assets shall be transferred would have to acquire a transmission licence, the Stage II Assets are proposed to be transferred to ETL, which is a 100% subsidiary of an existing licensee (i.e. EPTCL). Being a 100% subsidiary of an existing transmission licensee, ETL would possess the technical know-how and manpower to be able to discharge the obligations of a licensee. In fact, since the transfer of the Stage-II Assets from the Petitioner to ETL is being carried out through a demerger to be duly approved by the NCLT, Indore Bench, on a going concern basis along with the entire regulated asset base and

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employees, the management and technical expertise which were part and parcel of EPTCL for Stage-II Assets, will vest in the entirety in ETL. Subsequently, EPTCL shall transfer its entire equity shareholding in ETL to Adani Transmission Limited or its subsidiary, which owns multiple transmission licences with extensive experience in owning and operating transmission lines.

(i) CTUIL has not opposed the structure proposed by EPTCL and left the decision on public interest to this Commission. The present petition meets the test of public interest as the tariff for both Stage I and Stage II Assets will not be impacted as a result of the amendments sought.

(j) With regard to CTUIL's submission about the pending recovery of the balance amount of Rs. 15.52 crore from EPTCL in terms of the order dated 14.3.2022 in Petition Nos. 145/TT/2018 and order dated 12.1.2023 in Petition No 195/MP/2022, both the rights and liabilities of the parties as per the above orders are presently *sub judice* before the APTEL in Appeal No. 71 of 2023 and are subject to the outcome of the Appeal.

(k) In the interregnum, during the process of splitting the licence, EPTCL undertakes to continue with the O&M of the subject assets. There will be no interruptions in transmission services, and EPTCL will continue to ensure the availability of the lines as per the required regulatory standards.

(l) All the licensed assets would be set up including the 3rd ICT as part of the Stage -I assets and the present transfer will not affect the installation of the 3rd ICT, since the Stage -I Assets including the 3rd ICT will continue to be owned, operated and maintained by EPTCL post the transfer of Stage-II assets.

9. Adani Transmission Limited, in its reply dated 10.10.2023, has mainly submitted as under:

(a) Subsequent to the scheme of demerger to be approved by the National Company Law Tribunal along with the corresponding licence, the Petitioner will transfer its entire equity shareholding in ETL to the Adani Energy Solutions Limited ('AESL') (formerly known as Adani Transmission Limited), or its subsidiary. However, such equity transfer is not the subject matter of the present Petition.

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(b) AESL has no objection to the instant Petition to the extent of the relief sought by the Petitioner qua amendment and transfer of its transmission licence. If this Commission allows the relief to the Petitioner (*i.e., transfer of licence qua Stage-II*) thereby effectuating the amendment of its licence and the consequent transfer of the same to the other entity (i.e., ETL), then the same ought to mean that the ETL shall have the transmission licence qua the transmission assets transferred in lieu of the present Petitioner, and there should not be an occasion that ETL has to again approach this Commission seeking for an independent licence. In fact, there have been certain precedents in the past where a transmission company holding a transmission licence is acquired by a third company, where, along with such acquisition, the third company becomes the owner of a such transmission licensee

(c) Thus, when AESL acquires the equity shareholding of EPTCL in ETL, then the same would mean that AESL (being the owner of ETL) would have the transmission licence for Stage-II assets, and would also be liable to be paid with the transmission tariff/ charges for the said assets by CTUIL from the pool. In this regard, reference is made to Licence No. 4/Transmission/ CERC dated 08.04.2008 issued by this Commission in favour of EPTCL whereby the Commission has held that the licence is not transferable, except in accordance with the provisions of the Act, the rules and the regulations, and the licensee shall not at any time assign its licence, or transfer its utility, or any part thereof by sale, lease or otherwise without the prior approval of the Commission.

(d) Therefore, EPTCL is allowed to assign its licence in case the same is *inter-alia* in accordance with the provisions of the Act and takes prior approval for the same from the Appropriate Commission (being this Commission in the present case). Section 17(3) of the Act does not bar any licensee from transferring its transmission licence (or any part thereof) in favour of any other entity if it seeks approval from the Appropriate Commission.

(e) Further, Section 17(3) also entails that the licensee (EPTCL) can transfer its utility or any part of the same, to any other entity subject to the approval of the Appropriate Commission. As per Section 2(75) of the Act, 'Utility' means either a generating company or a licensee. The Petitioner/ EPTCL is not a generating company and is a licensee, and thus, the Petitioner can transfer its

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entire utility/ licence or any part thereof to a third party. Thus, it is clear that the Act allows the transfer of transmission licences from one entity to the other.

(f) With regard to the effect of such transfer of transmission licence, whenever a licensee seeks a transfer of its transmission licence/ transmission assets in favour of the other entity, the said transfer of assets comes with the licence as well.

(g) Under the framework of the Act, for transmission, there could either be dedicated transmission lines or transmission lines. A dedicated transmission line is allowed to be constructed, maintained or operated either by a Captive Generating Plant (Section 9) or a Generating Station (Section 10). No other entity is allowed to construct such dedicated transmission lines. The transmission lines, however, are allowed to be constructed, established and operated by transmission licensees for the purpose of transmission of power. However, for such construction, establishment and operation of transmission Licence for the purpose of transmission of electricity, an entity necessarily needs to have a licence, without which no such transmission activity cannot take place. In terms of the above, in the present case, the issue does not deal with dedicated transmission lines; instead, the transfer is taking place from one transmission licensee (EPTCL) to the other entity (ETL), which would be engaged in the business of transmission of electricity only.

(h) Therefore, once the transmission licence is transferred from one entity to the other, the entity upon whom such transfer is effectuated becomes the owner of the licence as well as the owner of the transmission assets because the licenced activity of transmission of electricity is asset-based, unlike the distribution of electricity for which the licence to distribution is area based.

(i) In other words, in terms of Sections 17 and 18 of the Act, there cannot be a scenario where a licenced transmission asset is transferred from one entity to the other without there being a transfer of licence.

(j) If this Commission allows the Petition of EPTCL, thereby granting the relief sought thereunder [prayer (a)], then the same would mean that the assets are transferred to Respondent No. 3 viz., Essar Transco Limited, along with transmission licence. Subsequently, once AESL acquires the equity

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shareholding of EPTCL in ETL, then the same would mean that AESL (being the owner of ETL) would have the transmission licence for Stage-II Assets, and would also be liable to be paid the transmission tariff/ charges for the said assets by CTUIL from the pool.

Hearing dated 11.10.2023

10. During the course of the hearing, the learned counsels and the representative of the parties argued at length. The parties were permitted to file their respective written submissions. Written submissions have been filed by the Petitioner and the CTUIL, and the same have not been repeated herein for the sake of brevity.

11. Vide Record of Proceedings for the hearing dated 11.10.2023, NLDC/Grid Controller of India Limited was directed to file its comments/ suggestions on the amendment/modification of the inter-State transmission licence granted to the Petitioner with respect to its technical and operational appropriateness. Grid Controller of India Limited vide its affidavit dated 20.10.2023 has submitted as under:

(a) Stage-I and Stage-II Assets of the Petitioner are geographically located in the States of Madhya Pradesh and Gujarat. The demerger is unlikely to impact the operation of elements. Thus, the change in ownership is not expected to impact any operational aspects. Since multiple licensees will be involved for coordination purposes of Stage-II elements, the site responsibility schedule as per the provisions of the Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations, 2007 needs to be prepared after the transfer of licence and shared with NLDC/WRLDC.

(b) In case the licence is amended, the Petitioner is required to comply with the provisions of Regulation 28 (7) of the Grid Code specifically laying down the responsibilities of the transmission licensee owning a transmission line but not the connected sub-station.

(c) Presently, the Petitioner is a registered 'user' of the WRLDC and is sharing WRLDC fees and charges with respect to its transmission elements. Once the Stage-II assets are transferred, ETL will also become a 'user' of WRLDC by virtue of the CERC order/grant of licence. Accordingly, ETL shall register itself with WRLDC as a 'user' as per the provisions of the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019 and shall be liable for payment of the WRLDC fees and charges. In the event ETL takes over the ownership of the asset, ETL shall be responsible for payment of all pending bills raised to the Petitioner company.

Analysis and Decision

12. We have considered the submissions made by the Petitioner and the Respondents.

13. The licence was subsequently amended vide order dated 15.9.2009 to allow modification of configuration from Triple conductor to Quad Moose conductor for the 400 kV D/C Mahan-Sipat transmission line.

14. The assets covered in the transmission licence were put into commercial operation by the Petitioner in two stages i.e., Stage-I (including LILO) and Stage-II as under:

Stage-I Assets

I	**Transmission Lines**	**Length (in km)**
1	400 kV D/C (twin conductor) transmission line from Gandhar (NTPC) switchyard to Hazira	104.6
II	**400/220 kV GIS Sub-station at Hazira**	**Number of bays**
1	500 MVA Transformers	3 (Only 2 have been installed and commissioned)

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2	220 kV Bays at Hazira	2
3	400 kV Sub-station and line bays (GIS) at Hazira (including tie bays)	5*
4	400 kV line bays (AIS) at Gandhar**	2

*2 Line Bays, 2 ICTs Bays & 1 Bus coupler and Metering Bay

**Ownership of these bays are lying with NTPC, Gandhar

LILO

I	**Transmission Lines**	**Length (in km)**
1	LILO of 400 kV S/C Vidhyachal-Korba transmission line of Powergrid at Mahan	22.4
II	**Line Bays**	**Units (in Number)**
1	400 kV LILO Bays at Mahan Switchyard	2

Stage-II Assets

I	**Transmission Lines**	**Length (in km)**
1	400 kV (Quad Moose Conductor) D/C transmission line from Mahan Thermal Power plant to Sipat Pooling Sub-station (Presently at Bharari, Bilaspur)	336.50
II	**Line Bays**	**Units (in Number)**
1	400 kV line bays at Mahan and Sipat	4
III	**Reactors**	**Units (in Number)**
1	50 MVAR integrated line reactor at Sipat Pooling Sub-Station	2
2	50 MVAR switchable line reactor at Mahan TPP along with associated bays	2
3	80 MVAR switchable bus reactor at Mahan TPP along with associated bays	1

15. The Petitioner has filed the present Petition praying for amendment of ISTS licence to implement the following proposed scheme:

(a) To transfer Stage-II Assets to Essar Transco Limited (ETL) through a scheme of demerger (with effect from the appointment date i.e. 1.4.2023) to be approved by the National Company Law Tribunal, Indore bench along with its corresponding licence.

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(b) Stage-I Assets shall be retained in the existing licence and shall continue to be owned and controlled by the Petitioner.

(c) Since LILO has already been disconnected pursuant to the Commission's orders culminating in the order dated 1.6.2022, LILO is to be removed from the Petitioner's ISTS Licence.

16. Subsequently, the Petitioner shall transfer its entire equity shareholding in ETL to the Respondent No. 2 Adani Energy Solutions Limited (formerly known as Adani Transmission Limited), (hereinafter referred to as AESL) or its subsidiary. The Petitioner has entered into a definitive agreement with ATL for the sale and transfer of the Stage-II Assets, subject to completion of corporate, lender and regulatory approvals.

17. As per the Petitioner, EPTCL shall continue to own and operate the Stage-I Assets under its present ISTS Licence after carving out Stage II Assets and LILO.

18. The Petitioner has justified the transfer/demerger of the Stage-II Assets along with its corresponding licence into ETL stating that the Stage-I Assets and Stage-II Assets are geographically distinct and are not connected to each other. Further, both Stage I as well as, Stage II have achieved commercial operation and receive tariffs under separate and distinct tariff orders issued by the Commission. Therefore, the amendment of the ISTS Licence and transfer of Stage-II Assets along with its corresponding licence would not be detrimental to public interest since the tariff for both Stage-I Assets and Stage-II Assets will not be impacted as a result of the amendments sought in this petition. The Petitioner has further contended that the proposed amendment of the ISTS Licence and transfer of Stage-II Assets along with its corresponding licence will result in better coordination and will ensure that the

respective transmission assets are operated and maintained efficiently and economically, which would further public interest.

19. Section 18 of the Act deals with the amendment of licence as under

(1) Where in its opinion the public interest so permits, the Appropriate Commission, may, on the application of the licensee or otherwise, make such alterations and amendments in the terms and conditions of his licence as it thinks fit:

Provided that no such alterations or amendments shall be made except with the consent of the licensee unless such consent has, in the opinion of the Appropriate Commission, been unreasonably withheld.

(2) Before any alterations or amendments in the licence are made under this section, the following provisions shall have effect, namely: -

(a) where the licensee has made an application under sub-section (1) proposing any alteration or modifications in his licence, the licensee shall publish a notice of such application with such particulars and in such manner as may be specified;

....

(d) the Appropriate Commission shall not make any alterations or modification unless all suggestions or objections received within thirty days from the date of the first publication of the notice have been considered.

20. Further, Regulation 19 of the Transmission License Regulations, 2009, provides as under with regard to the amendment of the licence.

"19. Amendment of Licence

(1) The Commission may of its own motion or on an application made by the licensee or otherwise make such alterations and amendments in the terms and conditions of licence if the Commission is of the opinion that the public interest so requires:

....

(2) The procedure specified in regulation 7 shall mutatis mutandis be applicable in case the licensee makes an application for any alteration of or modification to the terms and conditions of the licence.

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(3) <u>Where the licensee has made an application proposing any alteration and modification of its licence, it shall publish a notice of such application, with the following particulars</u>, namely:-

(a) name of the applicant;

(b) that an application for alteration and modifications has been made before the Commission;

(c) details of alteration and modifications proposed in the application,

(d) reasons for seeking such alterations and modifications;

(e) a statement that the application made before the Commission has been posted on the web site and can also be inspected in the office of the applicant;

(f) a statement that any suggestion to the proposal for alteration and modifications made in the application may be submitted to the Secretary of the Commission within one month of publication of the notice…"

21. Regulation 7 of the Transmission Licence Regulations read with the order dated 22.1.2022 passed in Petition No.1/SM/2022 [whereby the Commission, in the exercise of 'Power to Relax' under Regulation 24 of the Transmission Licence Regulations, modified/amended Clause (4), Clause (7), Clause (9) and Clause (12) and dispensed with Clause (10) of Regulation 7] provide for the procedure for grant of transmission licence as under:

"(1) The application for grant of transmission licence shall be made to the Commission in Form-I appended to these regulations and shall be accompanied by such fees as may be prescribed by the Central Government from time to time.

(2) In case of the person selected for implementation of the project in accordance with the guidelines for competitive bidding, the application shall also contain such additional information, as may be required under these guidelines.

(3) The application shall be supported by affidavit of the person acquainted with the facts stated therein.

(4) Before making an application, the applicant shall submit the original application in electronic form along with annexures and enclosures on the efiling portal of the Commission so that the same is served electronically on all the long-term customers of the project registered on the e-filing portal of the Commission. Also, a copy of the same be served through e-mail on the long term customers of the project not registered on the e-filing portal of the

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Commission. Further, the applicant shall also post the complete application along with annexures and enclosures in English and in the vernacular language, on its website.

(5) The application shall be kept on the website till such time the licence is issued or the application is rejected by the Commission.

(6) Immediately on making the application, the applicant shall forward a copy of the application to the Central Transmission Utility.

(7) The applicant shall, within 7 days after filing the application, post the application on the e-filing portal of the Commission and on its website in Form II attached to these regulations in English language and in Vernacular language of the State or Union Territory where an element of the project or a long-term customer is situated, inviting comments from the general public.

(8) As far as possible, within 7 days of receipt of the application the Secretariat of the Commission shall convey defects, if any, if noticed on preliminary scrutiny of the application for rectification and the defects conveyed shall be rectified by the applicant in such time as may be indicated in the letter conveying the defects.

(9) In the notice published on the e-filing portal of the Commission and on the applicant's website under clause (7) it shall be indicated that the suggestions and objections, if any, on the application, may be filed before the Secretary, Central Electricity Regulatory Commission, Third Floor, Chanderlok Building, Janpath, New Delhi-110001 (or the address where the office of the Commission is situated), with a copy to the applicant, by any person, including the long-term customers, within 30 days of publication of the notice.

…………

(10) The Central Transmission Utility shall send its recommendations, if any, to the Commission on the proposal made in the application within a period of thirty days from the date of receipt of application by it: Provided that copy of the recommendations, if any, made by the Central Transmission Utility shall always be forwarded to the applicant: Provided further that these recommendations of the Central Transmission Utility shall not be binding on the Commission.

(11) The applicant may file its comments, duly supported by an affidavit, on the recommendations made by the Central Transmission Utility and the suggestions and objections, if any, received in response to the notice posted on the e-filing portal of the Commission and on the applicant's website by him, within 45 days of service of copy of the application on the Central Transmission Utility or publication of notice posted on the e-filing portal of the Commission and on the applicant's website, with an advance copy to the Central Transmission Utility or the person who has filed the suggestions and objections on the proposal made in the application, as the case may be.

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(12) The Commission after considering the suggestions and objections received in response to the public notice published by the applicant and the recommendations, if any, of the Central Transmission Utility may, propose to grant transmission licence or for reasons to be recorded in writing, reject the application….."

22. Section 18 (2)(a) of the Act read with Regulations 19 and 7 of the Transmission Licence Regulations, 2009, requires the transmission licensee to publish a public notice inviting comments on the proposed amendment in the licence.

23. The Petitioner, vide its affidavit dated 9.10.2023, has placed on record the relevant copies of the notices wherein notices were published in terms of Regulation 7(7) of the Transmission Licence Regulations. The Petitioner published notices on 21.8.2023 in both English and Hindi in the Business Standard Daily newspaper, having circulation in New Delhi, Mumbai, Lucknow, Kolkata, Pune, Chandigarh, Bhopal, Kochi, Hyderabad, Chennai, Bangalore, Bhubaneshwar and Ahmedabad. No objection has been received in response to the public notice.

24. The Petitioner vide affidavit dated 9.10.2023 has also submitted that the EPTCL has filed a Second Motion Petition (SMP) before the NCLT, Indore Bench seeking sanction of the NCLT for the proposed demerger of Stage II assets to ETL scheme. A similar SMP shall be filed by ETL before NCLT seeking sanctioning of the scheme. The scheme will become effective once the SMPs filed by EPTCL and ETL are approved by the NCLT. The appointed date of the demerger scheme is 1.4.2023.

25. CTUIL, vide its letter dated 21.9.2023, has made the following recommendations.

"This is with reference to RoP dated 18.08.2023 in the Petition No. 187/MP/2023 filed before CERC seeking amendment and transfer of the EPTCL's inter-state transmission license, wherein CTU has been directed to file its

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recommendations on the sought amendment to the transmission license. In this regard, the following is submitted:

1. M/s Essar Power Transmission Company Limited (EPTCL) has filed a petition under Sections79(1)(c), (e) and (k) read with 17(3) and 18 of the Electricity Act, 2003 and Regulation 19 of CERC (Procedure, Terms and Conditions for grant of Transmission License and other relatedmatters) Regulations, 2009 seeking inter alia amendment and transfer of partial assets of the EPTCL's inter-state transmission license (bearing No. 4/Transmission/CERC) granted by CERC vide order dated 10.04.2008 in Petition No. 157/2007 (subsequently amended vide CERC order dated 15.09.2009). The scope of work under the transmission system for which the transmission license was granted to EPTCL vide the above order is enclosed at Annexure-I. Copy of CERC order dated 10.04.2008 in Petition No. 157/2007 is enclosed at Annexure-II. Copy of CERC order dated 15.09.2009 is enclosed at Annexure-III.

2. Vide Petition No. 187/MP/2023 filed before CERC, M/s EPTCL has sought to amend and transfer its transmission license as detailed below:

a. The 400 kV (Quad Moose Conductor) D/c transmission line from Mahan Thermal Power plant to Sipat Pooling Sub-station (presently at Bharari, Bilaspur) along with associated bays (4 Nos.), 50MVAr line reactors at Sipat PS (2 Nos.), 50 MVAr line reactors at Mahan TPP (2 Nos.) and 80 MVAr 420kV switchable bus reactor at Mahan TPS along with its associated 400kV bay shall be transferred from EPTCL to Essar Transco Limited (ETL) through a scheme of demerger (with effect from the appointment date, 01/04/2023) to be approved by the Hon'ble National Company Law Tribunal (NCLT), Indore bench. Subsequently, the Petitioner has submitted that it shall transfer its entire equity shareholding in ETL to Adani Transmission Limited (ATL) or its subsidiary.

b. The 400 kV D/c (twin conductor) transmission line from Gandhar (NTPC) switchyard to Hazira, 3x500MVA, 400/220kV sub-station at Hazira (2 Nos. SOOMVA, 400/220kV ICTs were installed and commissioned out of 3x500MVA, 400/220kV ICTs) and 400 kV line bays (AIS) at Gandhar (2 Nos.) shall be retained by M/s EPTCL and shall continue to be owned and controlled by M/s EPTCL.

c. The LILO of 400 kV S/c Vindhyachal — Korba (Twin Moose Conductor) transmission line of POWERGRID at Mahan Power Plant along with associated line bays (2 Nos.) at Mahan Switchyard shall be removed from the ISTS license existing with M/s EPTCL (bearing No.4/Transmission/CERC).

3. In line with directions of CERC vide RoP dated 18.08.2023 in the above Petition, the recommendations of CTU on the sought splitting of the transmission assets and transfer of license are as follows:

a. In respect of 2(a) above, the company to which the transmission assets shall be transferred would have to acquire transmission license for the corresponding assets. Further, CTU to recover an amount of Rs.301.46 Cr from EPTCL for its assets mentioned at para 2(a) above which was earlier billed to pool DICs and the same shall have to be refunded back to pool DICs in line with

CERC Order dated 14.03.2022 in Petition No. 145/TT/2018. Further, the said amount is being recovered as per the Hon'ble Commission order dated 12.01.2023 in Petition No. 195/MP/2022. As on 12.09.2023, CTU has recovered an amount of Rs 285.94 Cr and the balance amount of Rs 15.52 Cr is to be recovered from EPTCL.

b. During the process of splitting of the transmission assets and transfer of license, there should not be any discontinuation of O&M i.r.o the subject transmission assets.

c. In respect of 2(c) above, the LILO of 400kV S/c Vindhyachal — Korba (Twin Moose Conductor) transmission line of POWERGRID at Mahan Power Plant has been disconnected vide CERC order dated 01.06.2022. Accordingly, the LILO of 400 kV Sic Vindhyachal - Korba (Twin Moose Conductor) transmission line of POWERGRID at Mahan Power Plant along with associated line bays (2 Nos.) at Mahan Switchyard may be removed from the existing transmission license of M/s EPTCL (bearing No.4/Transmission/CERC). Copy of CERC order dated 01.06.2022 is enclosed at Annexure-IV.

4. Further, the Hon'ble Commission may note that, as per the transmission license issued to Mls EPTCL vide CERC order dated 10.04.2008, the Hazira(GIS) Sis was to be established with 3x500MVA, 400/220kV ICTs to facilitate drawl of 700 MW power (under LTOA) from Mahan TPS of EPMPL to Essar group's steel plant at Hazira in the State of Gujarat. Out of 3x500MVA, 400/220kV ICTs envisaged at Hazira(GIS) Sis, only 2x500MVA 400/220kV ICTs were commissioned by EPTCL and EPTCL had submitted before CERC in Petition No. 173/TT/2013 & 111/TT/2015 that they were in the process of installing the 3 ICT and an undertaking in this regard had been submitted to CERC. However, M/s EPTCL has not yet taken up installation of 3rd ICT as per the transmission license granted to them.

5. That in addition to above, it is submitted that the Petitioner had earlier filed Petition No. 342/MP/2022 before the Commission seeking transfer of its present transmission license to its various entities. CTU vide its compliance affidavit dated 22.03.2023 in Petition No. 342/MP/2022, had submitted its observations to the Petitioner's proposal, the contents of which are being summarized below for the sake of brevity and for kind consideration of the Commission for the purposes of the present application/petition as well: -

a) As per CTU's understanding, "amendment" of the license refers to a "modification" in terms of technical scope of work as illustrated under the grant of transmission license such as the modification in the configuration, design, layout, etc. The amendment of thetransmission license under the extant regulatory framework may not be inclusive of transfer of the assets of the transmission licensee as provided under Section 18 of the Electricity Act, 2003.

b) In view of the extant statutory and regulatory scheme and the facts and circumstances of the case, it is submitted that this Commission may consider the "public interest"requirement under Section 18 of the Electricity Act, *2003.*

c) The Petitioner has submitted in its Petition about having entered into certain 'Definitiveagreements' and transactions for acquisition of its assets, which may be considered bythe Commission in terms of the statutory mandate of Section 17 of the Electricity Act, 2003.

d) Furthermore, it is requested that the Commission may also seek suggestions of National Load Despatch Centre [NLDC] with respect to the technical and operational appropriateness of the splitting of the license granted to the Petitioner.

True copy of CTU's compliance affidavit dated 22.03.2023 in Petition No. 342/MP/2022 is annexed as Annexure- V to the present license recommendation for kind reference of the Commission."

Transfer of assets

26. CTUIL in its recommendation has submitted that "amendment" of the licence refers to a "modification" in terms of the technical scope of work such as modification in the configuration, design, layout, etc. and the amendment of the transmission licence under the extant regulatory framework may not be inclusive of transfer of the assets of the transmission licensee as provided under Section 18 of the Act.

27. However, Section 17(3) of the Act allows the transfer of utility or a part of the utility by a licensee with the approval of the Commission by way of sale, lease, exchange or otherwise. The relevant extract of Section 17 is as under.

"Section 17. (Licensee not to do certain things): ---

(3) No licensee shall at any time assign his licence or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Appropriate Commission."

28. Therefore, the above provisions of the Act allow the licensee to transfer its utility or a part of the utility by way of sale, lease, exchange or otherwise to any other entity subject to the approval by the Commission. The same condition was incorporated in

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Para 4 of the licence granted to EPTCL. In the past, the Commission has allowed the transfer of utility along with the license under Section 17(3) of the Act in various orders. By order dated 27.1.2021 in Petition No 71/MP/2020, the Commission had allowed the transfer of utility i.e. Warora Kurnool Transmission Limited (WKTL) from Essel Infra to Adani Transmission Limited. The relevant extract of the order is as under

> *"45. Further, the Commission has already considered the change in ownership by way of transfer of the equity shareholding under Section 17(3) of the Act in its order dated 7.8.2017 in Petition No.31/MP/2017 (Reliance Infrastructure Limited v. PGCIL and Ors.). The Commission in the said order permitted transfer of entire shareholding of Reliance Infrastructure Limited in transmission licensees, Western Transco Power Limited and Western Transmission (Gujarat) Limited to Adani Transmission Limited under Section 17(3) of the Act.*
>
> *46. In view of the above, we are of the view that transfer of 100% shareholding of Essel Infra in WKTL by the lenders to their nominee ATL is permissible under Section 17(3) of the Act read with Article 15.3.2 of the TSA and Regulation 12 of the Transmission Licence Regulations."*

29. It is also apparent from the text '*transfer his utility, or any part thereof*' used in Section 17 (3) of the Act that a part of the utility may also be transferred with the approval of the Commission. Accordingly, there is no restriction on the following transaction under Section 17(3) of the Act, subject to the approval of this Commission.

(a) Transfer of the following assets to ETL and thereafter to AESL

Stage-II Assets

I	**Transmission Lines**	**Length (in km)**
1	400 kV (Quad Moose Conductor) D/C transmission line from Mahan Thermal Power plant to Sipat Pooling Sub-station (Presently at Bharari, Bilaspur)	336.50
II	**Line Bays**	**Units (in Number)**
1	400 kV line bays at Mahan and Sipat	4
III	**Reactors**	**Units (in Number)**
1	50 MVAR integrated line reactor at Sipat Pooling Sub-Station	2
2	50 MVAR switchable line reactor at Mahan TPP along with associated bays	2

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3	80 MVAR switchable bus reactor at Mahan TPP along with associated bays	1

(b) **Removal of following assets from the license granted to EPTCL**

I	**Transmission Lines**	**Length (in km)**
1	LILO of 400 kV S/C Vidhyachal-Korba transmission line of Powergrid at Mahan	22.4
II	**Line Bays**	**Units (in Number)**
1	400 kV LILO Bays at Mahan Switchyard	2

Amendment of licence

30. Further, the transfer of a part of the utility shall require an amendment of the transmission licence under Section 18 of the Act by way of carving out a part of the assets for which the licence was granted by the Commission. In this regard, CTUIL has requested the Commission to consider the "public interest" requirement under Section 18 of the Act.

31. With regard to CTUIL's submission regarding public interest, the Petitioner, vide its affidavit dated 14.11.2023, has submitted that the amendment sought by the Petitioner satisfies the test of public interest since prayers sought in the present Petition would not affect the tariff for either Stage-I Assets or the Stage-II Assets. The Petitioner has further submitted that the Maharashtra Electricity Regulatory Commission (MERC) by its order dated 28.6.2019 in Case No. 139 of 2017 had approved a similar structure i.e. the assignment of transmission licence granted to R-Infra and transfer of assets of the transmission system of RInfra to Reliance Electric Generation and Supply Private Limited (REGSL) which was a 100% subsidiary of RInfra.

32. Vide affidavit dated 14.11.2023, the Petitioner has also submitted that it is facing a financial crunch. As per the Petitioner, the financial difficulties would be largely

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resolved with the completion of the transaction which would assist it in better servicing its remaining transmission assets.

33. We have considered the submissions made by the Petitioner and the Respondents. EPTCL is facing a financial crunch, and the transfer of Stage II Assets to ETL and subsequently to Adani Energy Solutions Limited (AESL) would assist it in better servicing its remaining transmission assets. AESL has been operating inter-State and intra-State 400 kV to 765 kV transmission lines. AESL is the holding company of various SPVs that have been granted inter-State and intra-State transmission licences. AESL is also constructing and operating various transmission systems under a competitive bidding route. Therefore, in our view, AESL possesses the necessary qualifications and expertise to carry out the business of transmission.

34. The present transmission system is associated with the Mahan Thermal Power Plant constructed by the Petitioner's sister company, namely Essar Power MP Limited (EPMPL). It is also noted from the proceedings of Review Petition No 27/RP/2022 that the said Thermal Power Plant has also gone through IBC proceedings initiated by the lenders against EPMPL and has been acquired by Adani Power Limited.

35. The transmission system is one of the most critical elements of the entire value chain of power supply in respect of grid security and smooth operation of the power system. Thus, the operation and maintenance of the transmission system cannot be compromised in any circumstances.

36. In view of the above, considering the financial difficulties being faced by the Petitioner, it would be in the public interest to allow the Stage II Assets to ETL and subsequently to AESL who is more experienced in the transmission sector and better

equipped to operate and maintain the transmission assets. It may also be noted that in the present case, amendment of EPTL's existing transmission licence as sought for, insofar as it relates to Stage II Assets, is a direct corollary of the transaction proposed to be undertaken under Section 17(3) of the Act and for such transaction(s) a stringent public interest is not a prerequisite. In any case, we have already noted that allowing the transfer of Stage II Assets to ETL and then ultimately to AESL would be in the public interest. Further, the Petitioner is also seeking the removal of LILO of 400 kV S/C Vidhyachal-Korba transmission line of Powergrid at Mahan and associated 400 kV LILO Bays at Mahan Switchyard in terms of order dated 1.6.2022 in IA No 4/IA/222 filed in Petition No 92/MP/2021. As per the Petitioner, the prayer sought in the Petition would not affect the tariff of either Stage I Assets or Stage II Assets. However, it is noted that the removal of LILO shall also result in a reduction of tariff on Stage I Assets, which would be in the public interest. Grid India, vide its affidavit dated 20.10.2023 has also opined that the change in ownership is not expected to impact any operational aspects.

37. In the exercise of our power under Section 18 (1) of the Act and Regulation 19 (1) of the Transmission Licence Regulations, we approve the transfer of Stage II Assets [as detailed in Para 25 (a) above] to ETL, subject to acquisition of the same by AESL subsequently, and the removal of LILO [as detailed in Para 29(b) above] from the licence granted to EPTCL The licence bearing No. 4/Transmission/CERC shall be split into 4A/Transmission/CERC for Stage I and 4B/Transmission/CERC for Stage II respectively. The Staff of the Commission is, accordingly, directed to issue two separate licences in the name of EPTCL and ETL respectively. It is clarified that the said transaction is allowed subject to the approval of the scheme by NCLT and shall be implemented prospectively from the date of the two licences. The transmission

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licensees shall comply with the provisions of the Act and the Regulations issued by the Commission from time to time.

38. For the implementation of the above scheme, the Petitioner is directed to comply with the following directions of the Commission.

(a) During the process of splitting of the transmission assets and transfer of licence, there should not be any discontinuation of O&M in respect of the subject transmission assets.

(b) EPTCL shall execute the remaining ICT Hazira (GIS) sub-station within six months from the date of this order.

(c) The CTUIL has submitted that it has to recover an amount of Rs.301.46 crore from EPTCL for Stage II assets which was earlier billed to pool DICs and the same shall have to be refunded back to pool DICs in line with the Commission's order dated 14.3.2022 in Petition No. 145/TT/2018. The said amount is being recovered by CTUIL as per the Commission's order dated 12.1.2023 in Petition No. 195/MP/2022. As on 12.9.2023, CTUIL has recovered an amount of Rs 285.94 crore, and the balance amount of Rs 15.52 crore is to be recovered from EPTCL. In order to avoid unnecessary litigations, the Petitioner is directed to have absolute clarity between EPTCL and AESL with regard to the scope of work and pending litigations. Once the transmission licence is bifurcated, the liability, if any, shall fall upon the new licensee.

(d) As committed by EPTCL, there shall be no change in the transmission charges being paid/to be paid by the beneficiaries of EPTCL pursuant to this process which shall continue to be governed as per the provisions of the TSA.

(e) Needless to add, after the assets are transferred, both the licensees shall comply with the provisions of the Act, Rules made by the Government of India, Ministry of Power and relevant Regulations of the Commission and the provisions of the Central Electricity Authority including the Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations, 2007, the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2022 and the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019 as indicated by Grid India.

39. Let an extract copy of this order be sent to the Central Government in the Ministry of Power and the Central Electricity Authority in terms of sub-section (7) of Section 15 of the Electricity Act, 2003 for their information and record.

40. Petition No. 187/MP/2023 is disposed of in terms of the above.

Sd/-	**sd/-**	**sd/-**	**sd/-**
(P.K. Singh)	**(Arun Goyal)**	**(I.S. Jha)**	**(Jishnu Barua)**
Member	**Member**	**Member**	**Chairperson**

Essar Transco Limited

S S KOTHARI MEHTA & CO. LLP
CHARTERED ACCOUNTANTS

Annexure-3

To
The Board of Directors
Essar Transco Limited

1. We, S S Kothari Mehta and Co LLP, Chartered Accountants, Statutory Auditor of **Essar Transco Limited Company Limited** herein after referred to as ("the Company") have examined the books of accounts and other relevant records, having its registered office at Shop no 2 and 3 at Jalsa Complex, Plot no 175/1, 175/1Kha, 175/5, Village Tali (Waidhan), District Singruali, Madhxya Pradesh-486886.

2. We have been requested by the management of the Company to review the Split Financial Statements of Erstwhile Stage-II of Essar Power Transmission Company Limited (herein after refer to as Split Financials) prepared as on 31st March 2020 and for the opening balance based on the audited financial statement as on 31st March 2019 by the Company which comprises the Balance Sheet as at March 31, 2020 and statement of Profit and Loss for year ended on March 31, 2020 along with the notes to the financial statements and the basis of allocation (as per Annexure-I) in which some items are management represented.

3. The split financial statements which is based on audited financial statements of Erstwhile Essar Power Transmission Company Limited for the Financial Year 2019-20 have been prepared by the Company's management in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) for determination of Tariff.

Management's Responsibility for the Statement

4. The preparation of the Statement is the responsibility of the Management of Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Return and applying an appropriate basis of preparation.

5. The Management is also responsible for ensuring that the Company complies with the requirements of the Rules and the provisions of the relevant Act applicable to the Company and that it provides complete and accurate information as required therein.

6. The Management is also responsible for furnishing the financial information, audited account, representation and other records contained in the said split financial.

Auditor's Responsibility

7. Our responsibility, for the purpose of this review report, is limited to reviewing the particulars contained in the statement on the basis of financial information, audited account, representation, other records information & explanations and the basis of allocation provided by the Company.

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

S S KOTHARI MEHTA
& CO. LLP
CHARTERED ACCOUNTANTS

8. We conducted our examination required to be furnished in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

9. We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality control for firms that perform audits and review of historical financial information, other assurance and related services engagements.

Conclusion

10. Based on the procedures performed by us and according to the information and explanation given to us by the management of the Company, we have reviewed the split financials which is based on the audited financial statements of Erstwhile Essar Power Transmission Company Limited for the financial year 2019-20 prepared by the Company's management for determination of Tariff in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) which comprises the Balance Sheet as at March 31, 2020 and statement of Profit and Loss for year ended on March 31, 2020 along with the notes to the financial statements and the basis of allocation (as per Annexure-I) in which some items are management represented.

Restriction on use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Rules. Our obligations in respect of this review report are entirely separate from, and our responsibility and liability are in no way changed by any other role we may have (or may have had) as reviewers of the Company or otherwise. Nothing in this review report, nor anything said or done in the course of or in connection with the services that are the subject of this review report, will extend any duty of care we may have in our capacity as reviewers of the Company.

12. This review report is addressed and provided to the Board of Directors of Essar Transco Limited and should not be used by any other person or for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this review report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

(Neeraj Bansal)
Partner
Membership No. 095960

Place: Delhi
Date: 19-11-2024
UDIN: 24095960BKFAKF2106

Essar Transco Limited

Annexure-I

Head	Sub-head	Basis of Allocation
Non-current asset	Property, plant and equipment	Property, plant and equipment considered on identification basis except Laptops & Desktops which have been allocated on no of employees considered in each stage.
	Intangible assets	It is considered on Identification basis
	Provision for Employee Benefits	It is allocated in manpower cost ratio
	Unabsorbed depreciation	Unabsorbed Depreciation till 31st March 2018 i.e. up to the year of capitalization of Stage II has been considered in Stage I. Thereafter The unabsorbed depreciation of the Company has been allocated in the ratio of Total Assets (excluding deferred tax assets, if any) as per books of accounts. After commencement of all the stages, unabsorbed Depreciation has been utilised on First in First out (FIFO) method on the basis of year of occurrence of unabsorbed depreciation.
	Interest Payable	It is allocated in the ratio of project cost
	Unamortized fee	It is allocated in the ratio of project cost
	Fair Value of financial assets	It is allocated in the ratio of project cost
	Differences in depreciation in block of PPE as per tax book & financial books	It is allocated in the ratio of project cost
	Intangible assets	It is allocated in the ratio of project cost
Inventory	Stores & spares	It is considered on Identification basis
Financial Asset (C)	Trade Receivables	It is allocated in tariff ratio based on billing of respective stage.
	Cash & Cash Equivalents (CCE)- 1. Current accounts 2. Fixed Deposits	It is allocated in tariff ratio
	Bank balances other than CCE Margin Deposits	It is related to Sales Tax Deposit, hence taken in Stage II
	Loans- Security Deposit & ICD	It is considered on Identification basis
	Other Financial Assets-Interest accrued on ICD & Bank deposit	It is allocated in the ratio of project cost
Other current asset	1.Security Deposit 2.Prepaid Expense 3.Other Advances 4. Advance Interest	1.Security deposit is allocated in project cost ratio. 2. Prepaid expenses are allocated on Identification Basis. 3.Other advances directly identifiable are allocated on actual basis; whereas the common advances related to borrowings have been allocated in project cost ratio, advances related to manpower are allocated in manpower cost ratio and remaining others in Tariff Ratio 4.Advance Interest is allocated in project cost ratio.

Essar Transco Limited

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Reserves & Surplus	Reserves & Surplus	1. Retained Earnings: Opening Balance of Previous Year Figures 2. Profit/Loss during the year is considered on the basis of profit and loss statement derived from split financial prepared for this period.
Head Office Account	Head Office	Head office account is the balancing figure between total assets, total liabilities and other equity.
Financial liabilities	Borrowings	It is allocated in the ratio of project cost
	unamortized Upfront fee	
Provisions	Leave encashment & Gratuity	It is allocated in manpower cost ratio
Trade payables	MSME & Others	1. Directly Identifiable - Considered on actual basis 2. Employee related - Allocated on the basis of Manpower cost ratio 3. Common - Allocated on the basis of Tariff ratio
Other financial liability	Current maturities of LTB and Interest Accrued but not due	Allocated in the ratio of project cost
	Capital Creditors	It is considered on Identification basis
Provisions-Current	Provision for Employee Benefits	It is allocated in manpower cost ratio
Other current liability	Other payables	It is related to staff cost, hence allocated in manpower cost ratio
Revenue from Operations	Revenue from Transmission charges	1. Actual Billing - On directly Identification basis 2. Income except billing (application & license fee) allocated on the basis of tariff ratio
Other income	Interest income	Allocated in the ratio of project cost
Employee benefit expenses	Salaries and wages	Allocated in Manpower Cost ratio.
	Contribution to provident and other fund	
	Gratuity	
	Staff welfare expenses	
Finance cost	Interest	Allocated in the ratio of project cost
	Other borrowing costs	
Depreciation & Amortisation	Depreciation & Amortization	It is considered on Identification basis
Other expenses	Production consumables	Allocated on inventory holding basis
	(R&M) - Plant and machinery	It is allocated on Identifiable Basis
	(RM) - Others	It is allocated on Identifiable Basis
	Stamp Duty	It is allocated in tariff ratio
	Application and license fees	It is allocated in tariff ratio
	Rent	It is allocated on Identifiable Basis
	Filing fees	It is allocated in tariff ratio
	Rates and taxes	It is allocated in tariff ratio

	Insurance	1. Directly identifiable - On actual basis 2. Employee related - Allocated on Manpower cost ratio
	Travelling and conveyance	It is allocated in Manpower Cost ratio
	Legal and professional fees	It is allocated in tariff ratio
	Payment to Auditor	It is allocated in tariff ratio
	Directors' Fee	It is allocated in tariff ratio
	Miscellaneous expenses	It is allocated in tariff ratio
Exceptional Items	Reversal of Advances	It is allocated on Identifiable Basis
	Provision for doubtful Inter-Corporate Deposit	It is allocated in the ratio of project cost
Tax Expense	Deferred tax (credit)/expense	It is based on the working of deferred tax assets and liability
OCI	Remeasurement of the defined benefit plans	It is bifurcated in manpower cost ratio
	Income tax effect	

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
BALANCE SHEET AS AT MARCH 31, 2020

(Rs. in Crore)

	Note no.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,811.71	1,915.55
Intangible assets	4	22.52	24.75
Deferred tax assets (net)	5	27.46	44.11
		1,861.69	1,984.41
Current assets			
Inventories	6	0.18	0.19
Financial assets:			
Trade receivables	7	69.26	174.69
Cash and cash equivalents	8	54.92	-
Bank balances other than cash and cash equivalents	9	0.01	0.01
Loans	10	29.87	30.14
Other financial assets	11	0.08	4.86
Other current assets	12	42.26	3.07
		196.58	212.96
		2,058.27	2,197.37
EQUITY AND LIABILITIES			
EQUITY			
Reserves & Surplus	13	79.49	70.35
Head office account		552.74	526.20
		632.23	596.55
LIABILITIES			
Non-current liabilities			
Financial liabilities:			
Borrowings	14	1,311.86	1,149.72
Provisions	15	0.05	0.05
		1,311.91	1,149.77
Current Liabilities			
Trade payables:			
Total Outstanding dues of micro enterprises and small enterprises	16	1.43	0.20
Others	16	2.44	4.14
Other financial liabilities	17	110.25	446.62
Provisions	18	0.00	0.00
Other current liabilities	19	0.02	0.08
		114.14	451.05
		2,058.27	2,197.37

Note no 1 and 2 for Significant Accounting policies and basis of allocation for Split Financial Statement and accompanying notes are integral part of financial statements.

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

Neeraj Bansal
Partner
Membership No:095960
Place:New Delhi
Date:19-11-2024

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Kirti Thakkar
CFO
Place:Mumbai

Date:19-11-2024

For and on behalf of the Board of Directors

Atul Singh Raghav
Director
Din: 09756298
Place:Ahmedabad
Date:19-11-2024

Essar Transco Limited

Unnat Prakash
Director
Din: 09753855
Place:Ahmedabad
Date:19-11-2024

Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Crore)

	Note no.	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	20	334.33	174.69
Other income	21	1.43	0.51
		335.76	175.20
EXPENSES			
Employee benefit expenses	22	1.43	0.33
Other expenses	23	11.02	2.19
		12.45	2.52
Profit before finance cost, depreciation, amortisation and tax		323.31	172.67
Finance costs	24	174.01	103.28
Profit before depreciation, amortisation and tax		149.30	69.39
Depreciation and amortisation	3	106.15	56.66
Profit before tax		43.15	12.74
Exceptional items	25	5.45	(33.64)
(Loss) / Profit before tax		37.70	46.38
Tax expense	26		
Deferred tax (credit) / expenses		28.56	(23.98)
		28.56	(23.98)
Profit / (Loss) for the year		9.14	70.36
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(0.01)	(0.02)
Income tax effect		0.00	0.01
Other comprehensive income for the year, net of tax		(0.00)	(0.01)
Total comprehensive income for the year, net of tax		9.14	70.35

Note no 1 and 2 for Significant Accounting policies and basis of allocation for Split Financial Statement and accompanying notes are integral part of financial statements.

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

Neeraj Bansal
Partner
Membership No:095960
Place:New Delhi
Date:19-11-2024

Kirti Thakkar
CFO
Place:Mumbai

Date:19-11-2024

For and on behalf of the Board of Directors

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Din: 09756298
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Director
Din: 09753855
Place:Ahmedabad
Date:19-11-2024

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

NOTES:

CORPORATE INFORMATION

Essar Transco Limited (the "Company" / "ETL") is a public company incorporated in the year 2022 and domiciled in India. The registered office of the Company is located at Shop no 2 and 3 at Jalsa Complex, Plot no 175/1, 175/1 Kha, 175/5, Village Tah (Waidhan), District Singruali, Waidhan, Sidhi, Singrauli Colliery, Madhya Pradesh, India. 486886 The Company is in business of transmission of electricity. Central Electricity Regulatory Commission has issued Transmission License for 25 years to the Company to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission assets.

1.1 Basis of preparation

(i) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provision of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except certain financial instruments which has been measured at fair value

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

1.2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues and expenses during the period and assets, liabilities and the disclosure of contingent liabilities at the date of financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company has prepared its financial statements based on assumptions and estimates on parameters available at that time. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

1.3 Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in "Indian Rupees" (INR), which is also the Company's functional currency. All values are rounded to the nearest Crore (INR 00,00,000), except when otherwise indicated.

(ii) Transaction and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

1.4 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which The Company expects to be entitled in exchange for those goods or services.

(1) Revenue from transmission charges

The Company as per the prevalent tariff regulations is required to recover its Annual Revenue Requirement ('ARR') comprising of expenditure on account of operations and maintenance expenses, financing costs, taxes and assured return on regulator approved equity with additional incentive for operational efficiencies. Any surplus/shortfall in the recovery is accounted as revenue based on the final tariff orders by the regulatory authority.

Accordingly, the revenue from power transmission services is recognised over time based on the transmission asset availabilities and the tariff charges approved under the respective tariff orders and includes unbilled revenues accrued up to the end of the accounting period.

(2) Interest income

Interest income is recorded using the effective interest rate (EIR) for all debt instruments measured either at amortised cost or at fair value through other comprehensive income. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

(3) Dividends are recognised in profit or loss only when:

(i) The company's right to receive payment of the dividend is established;

(ii) It is probable that the economic benefits associated with the dividend will flow to the entity; and

(iii) The amount of dividend can be measured reliably.

1.5 Borrowing costs

Borrowing costs attributable to the acquisition and construction of the qualifying assets are capitalised as part of the cost of such assets up to the date when such asset is ready for its intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.6 Employee benefits

(i) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid with in twelve months in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits includes salaries, allowances and bonuses etc., compensated absences such as paid annual leave and performance incentives.

(ii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

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Essar Transco Limited

(iii) Post-employment benefit plans
Contribution to defined contribution plans such as provident fund, are recognised as expense in the statement of profit and loss or expenditure during construction period, as applicable, when employees have rendered services entitling them to contributions

The Group operates a defined benefit gratuity plan in India. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

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

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss or expenditure during construction period, as applicable.

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

Net interest expenses or income is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets

The employee benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the related plan assets. Any asset resulting from this calculation is limited to the reductions in future contributions to the plan.

1.7 Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charges is calculated on the basis of the tax laws enacted at the end of the reporting period in India. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current tax and liabilities are offset when there is a legally enforceable right to set off recognised amount and hence is an intention to settle the assets and the liability on the net basis.

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

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

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.8 Property, plant and equipment (PPE)
Freehold land is carried at historical cost and other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing costs and all other applicable expenses incurred to bring the assets to its present location and condition. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss or expenditure during construction period, as applicable.

All the expenditure during construction period (net of income) attributable to construction/acquisition of fixed assets are shown as capital work in progress until the relevant assets are ready for its intended use. When a major inspection or major maintenance is undertaken, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss during the reporting period in which they are incurred.

Transmission system assets are considered when they are "Ready for intended use" for the purpose of capitalisation, after test charging /successful commissioning of the system/ assets and on completion of stabilisation period.

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

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted if appropriate.

Depreciation is provided as per straight line method (SLM) at the rates and in the manner specified in Central Electricity Regulatory Commission (CERC) Tariff Regulations. Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions, as the case may be.

CERC has specified the life of Property, Plant & Equipment (PPE) for the purpose of depreciation as below:-

Asset Description	(Useful life) As per CERC
Plant & Machinery *	25
Building	50
Computers**	7
Furniture & Fixtures	15
Office Equipments	15

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* For first 13 years depreciation will be charged at a rate of 5.28% p.a., after 13 years depreciation will be charged based on the remaining life of the P&M.
** Not Specified by CERC, estimated by the management
Salvage Value of Property, Plant & Equipment (PPE) is taken at 10%

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and capital work in progress recognised as at April 1, 2015 measured as per the previous GAAP i.e Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment

1.9 Intangible Assets

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over the best estimate of their useful lives. Amount paid for acquiring Right of Way (ROW) of laying transmission lines are accounted as intangible assets.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortised at the rate and in the manner specified in Central Electricity Regulatory Commission (CERC) Tariff Regulations except for capitalised software cost, which is equally amortised over a period of five years. Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions, as the case may be.
Right of way is depreciated @6.25% p.a

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015 measured as per the previous GAAP i.e. Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

1.10 Impairment of non financial Assets

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised in the statement of profit and loss when the carrying amount of an asset exceeds its estimated recoverable amount. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

1.11 Inventories

Inventories are valued at lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost formula.

1.12 Leases

Where the Company is the lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.
Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.
The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.
Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.
When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.
For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

1.13 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, that can reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are not recognised but disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

1.14 Financial instruments

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

(i) Financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments

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Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent Solely Payment of Principal and Interest (SPPI) are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payment of principal and interest (SPPI), are measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gain and losses which are recognised in profit and loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit and loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Debt instruments included within the FVPL category are measured at fair value with all changes recognized in the statement in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVPL. For all other equity instruments, the Company may classify the same either as at FVOCI or FVPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments which are classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Losses" (ECL) at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit or loss. This amount is reflected in a separate line in the profit or loss as an impairment gain or loss.

(ii) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and trade and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. For liabilities designated as FVPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortised such as loans and borrowings, trade and other payable are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

The Company provides certain guarantees in respect of the indebtedness of group company undertakings, claims under contract and other arrangements in the ordinary course of business. The Company evaluates each arrangement to determine whether it is an insurance or a financial guarantee contract. Once the arrangements are designated as insurance contracts, these are disclosed as contingent liabilities unless the obligations under guarantee become probable. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the obligation under the contract and the amount initially recognised less cumulative amortisation over period of guarantee is provided.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with banks with original maturity of less than three months and short-term highly liquid investments, that are readily convertible into cash and which are subject to an insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

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1.16 Earnings per share

Basic earnings per share are computed by dividing the profit (loss) attributable to equity share holders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the profit / (loss) for the year after deducting preference dividends and attributable taxes attributable to equity shareholders. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit / (loss) for the year are adjusted for the effects of changes in income, expenses, tax and dividends that would have occurred had the dilutive potential equity shares been converted into equity shares. Such adjustments after taking account of tax include preference dividends or other items related to convertible preference shares, interest on convertible debt and any other changes in income or expense that would result from the conversion of dilutive potential ordinary shares. The weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2 Basis of Preparation of Split Financial Statements

The accompanying Balance sheet and Statement of Profit and Loss including the related schedule and notes forming part of the Company as at and for the year ended 31 March 2020 has been prepared by the Company's management in compliance with Central Electricity Regulatory Commission (terms & conditions of tariff) for determination of Tariff.

The split financials statements have been prepared by virtue of the Scheme of Arrangement for the Demerger (the "Demerger Scheme") under which all assets and liabilities, including existing loans and borrowings, pertaining to the 'Stage-II' Transmission Undertakings shall stand transferred and assigned to Essar Transco Limited ("ETL") w.e.f 1st April 2023 (Appointed Date).

2.1 Definition of Terms

The Stage II transmission undertaking of Erstwhile Essar Power Transmission Company Limited which consists of Mahan-Sipat Line has been assigned to ETL and the Stage I with the remaining business consists of Gandhar- Hazira Line.

2.2 Basis of Preparation of Split Financial Statements

Head	Sub-head	Basis of Allocation
Non-current asset	Property, plant and equipment	Property, plant and equipment considered on identification basis except Laptops & Desktops which have been allocated on no of employees considered in each stage.
	Intangible assets	It is considered on Identification basis
	Provision for Employee Benefits	It is allocated in manpower cost ratio
	Unabsorbed depreciation	Unabsorbed Depreciation till 31st March 2018 i.e. upto the year of capitalization of Stage II has been considered in Stage I. Thereafter The unabsorbed depreciation of the Company has been allocated in the ratio of Total Assets (excluding deferred tax assets, if any) as per books of accounts. After commencement of all the stages, unabsorbed Depreciation has been utilised on First in First out (FIFO) method on the basis of year of occurrence of unabsorbed depreciation.
	Interest Payable	It is allocated in the ratio of project cost
	Unamortised fee	It is allocated in the ratio of project cost
	Fair Value of financial assets	It is allocated in the ratio of project cost
	Differences in depreciation in block of PPE as per tax book & financial books	It is allocated in the ratio of project cost
	Intangible assets	It is allocated in the ratio of project cost
Inventory	Stores & spares	It is considered on Identification basis
Financial Asset (C)	Trade Receivables	It is allocated in tariff ratio based on billing of respective stage.
	Cash & Cash Equivalents (CCE)- 1. Current accounts 2. Fixed Deposits	It is allocated in tariff ratio
	Bank balances other than CCE Margin Deposits	It is realted to Sales Tax Deposit, hence taken in Stage II
	Loans- Security Deposit & ICD	It is considered on Identification basis
	Other Financial Assets- Interest accrued on ICD & Bank deposit	It is allocated in the ratio of project cost
Other current asset	1.Security Deposit 2.Prepaid Expense 3.Other Advances 4. Advance Interest	1 Security deposit is allocated in project cost ratio. 2. Prepaid expenses are allocated on Identification Basis. 3.Other advances directly identifiable are allocated on actual basis; whereas the common advances related to brorrowings have been allocated in project cost ratio, advances related to manpower are allocated in manpower cost ratio and remaining others in Tariff Ratio 4.Advance Interest is allocated in project cost ratio
Reserves & Surplus	Reserves & Surplus	1. Retained Earnings: Opening Balance of Previous Year Figures 2. Profit/Loss during the year is considered on the basis of profit and loss statement derived from split financial prepared for this period.
Head Office Account	Head Office	Head office account is the balancing figure between total assets, total liabilities and other equity.
Financial liabilities	Borrowings unamortised Upfront fee	It is allocated in the ratio of project cost
Provisions	Leave encashment & Gratuity	It is allocated in manpower cost ratio
Trade payables	MSME & Others	1. Directly Identifiable - Considered on actual basis 2. Employee related - Allocated on the basis of Manpower cost ratio 3. Common - Allocated on the basis of Tariff ratio
Other financial liability	Current maturities of LTB and Interest Accrued but not due	Allocated in the ratio of project cost
	Capital Creditors	It is considered on Identification basis

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Provisions-Current	Provision for Employee Benefits	It is allocated in manpower cost ratio
Other current liability	Other payables	It is related to staff cost, hence allocated in manpower cost ratio
Revenue from Operations	Revenue from Transmission charges	1. Actual Billing - On directly Identification basis 2. Income except billing (application & licence fee) allocated on the basis of tariff ratio
Other income	Interest income	Allocated in the ratio of project cost
Employee benefit expenses	Salaries and wages	Alloacted in Manpower Cost ratio.
	Contribution to provident and other fund	
	Gratuity	
	Staff welfare expenses	
Finance cost	Interest	Allocated in the ratio of project cost
	Other borrowing costs	
Depreciation & Amortisation	Depreciation & Amortization	It is considered on Identification basis
Other expenses	Production consumables	Allocated on inventory holding basis
	(R&M) - Plant and machinery	It is allocated on Identifiable Basis
	(RM) - Others	It is allocated on Identifiable Basis
	Stamp Duty	It is allocated in tariff ratio
	Application and license fees	It is allocated in tariff ratio
	Rent	It is allocated on Identifiable Basis
	Filing fees	It is allocated in tariff ratio
	Rates and taxes	It is allocated in tariff ratio
	Insurance	1. Directly identifiable - On actual basis 2. Employee related - Allocated on Manpower cost ratio
	Travelling and conveyance	It is allocated in Manpower Cost ratio
	Legal and professional fees	It is allocated in tariff ratio
	Payment to Auditor	It is allocated in tariff ratio
	Directors' Fee	It is allocated in tariff ratio
	Miscellaneous expenses	It is allocated in tariff ratio
Exceptional Items	Reversal of Advances	It is allocated on Identifiable Basis
	Provision for doubtful Inter-Corporate Deposit	It ia allocated in the ratio of project cost
Tax Expense	Deferred tax (credit)/expense	It is based on the working of deferred tax assets and liability
OCI	Remeasurement of the defined benefit plans	It is bifurcated in manpower cost ratio
	Income tax effect	

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ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

NOTE: 3
PROPERTY, PLANT AND EQUIPMENT

(Rs. in Crore)

Description of the assets	Gross block			Depreciation			Net block	
	Balance as at April 1, 2019	Additions during the year	Balance as at March 31, 2020	Balance as at April 1, 2019	For the year	Balance as at March 31, 2020	Balance as at March 31, 2020	Balance as at March 31, 2019
Plant and Machinery								
Transmission line	1,969.92	0.09	1,970.01	54.38	103.93	158.31	1,811.70	1,915.54
Furniture and fixtures	0.01	-	0.01	0.00	0.00	0.00	0.01	0.01
Computers	0.00	-	0.00	0.00	-	-	0.00	-
Total	1,969.93	0.09	1,970.02	54.38	103.93	158.31	1,811.71	1,915.55

NOTE: 4
INTANGIBLE ASSETS

(Rs. in Crore)

Description of the assets	Gross block			Amortisation			Net block	
	Balance as at April 1, 2019	Additions during the year	Balance as at March 31, 2020	Balance as at April 1, 2019	For the year	Balance as at March 31, 2020	Balance as at March 31, 2020	Balance as at March 31, 2019
Right of way	37.77	-	37.77	13.02	2.22	15.24	22.52	24.75
Total	37.77	-	37.77	13.02	2.22	15.24	22.52	24.75

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

NOTE: 5
DEFERRED TAX ASSETS (NET)

(Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Unabsorbed depreciation	84.66	-
Provision for employee benefits	0.02	0.02
Provision for Doubtful Inter corporate deposit	-	1.06
Interest Payable	3.12	43.03
Gross deferred tax asset	**87.80**	**44.11**
Differences in depreciation in block of fixed assets as per tax books and financial books	55.37	-
Intangible assets	3.94	-
Fair valuation of financial assets	0.03	
Unamortised Fees (Curr & Non Current)	1.00	-
Gross deferred tax liability	**60.34**	-
Net deferred tax asset	**27.46**	**44.11**

NOTE: 6
INVENTORIES

(Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Stores and spares	0.18	0.19
	0.18	**0.19**

NOTE: 7
TRADE RECEIVABLES
(Unsecured, unless otherwise stated)

(Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Trade receivables		
- Trade Receivables considered good - Unsecured	69.26	174.69
	69.26	**174.69**

NOTE: 8
CASH AND CASH EQUIVALENTS

(Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Balances with banks in		
Current accounts	50.58	-
Fixed deposits	4.34	-
	54.92	-

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

NOTE: 9
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS (Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
Margin deposits	0.01	0.01
	0.01	**0.01**

NOTE: 10
LOANS (Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Security deposits		
Unsecured,considered good	0.85	0.73
Loan to Related parties		
- Loans Receivables considered good - Unsecured	29.02	27.34
- Loans Receivables - credit impaired	3.04	
Less: Allowance for doubtful trade receivables	(3.04)	
Others	(0.00)	2.07
	29.87	**30.14**
	29.87	**30.14**

NOTE: 11
OTHER FINANCIAL ASSETS (Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Accruals		
Interest accrued on Intercorporate deposit and bank deposit	0.08	4.86
	0.08	**4.86**

NOTE: 12
OTHER CURRENT ASSETS (Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Security deposits		
Unsecured,considered good	0.05	0.05
Others		
Prepaid expenses	3.25	1.21
Other advances	2.12	1.81
Advance Interest	36.84	
	42.26	**3.07**

NOTE: 13
RESERVES & SURPLUS (Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Retained earnings	70.35	-
Addition		
Profit transfer during the year	9.14	70.35
	79.49	**70.35**

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ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

NOTE: 14
BORROWINGS

(Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Rupee term loans		
From banks	107.08	91.17
From others	1,208.49	1,062.52
	1,315.57	1,153.69
Less: Unamortised upfront fee	(3.71)	(3.97)
	1,311.86	1,149.72

NOTE: 15
PROVISIONS - NON CURRENT

(Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Gratuity	0.04	0.04
Compensated absences	0.01	0.01
	0.05	**0.05**

NOTE: 16
TRADE PAYABLES

(Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Trade payables		
Micro and small enterprises	1.43	0.20
Others	2.44	4.14
	3.87	4.34

NOTE: 17
OTHER FINANCIAL LIABILITIES

(Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Current maturities of long term borrowings	83.90	188.46
Less: Unamortised upfront fee	(0.26)	(0.32)
	83.64	188.14
Interest accrued but not due on borrowings from banks and financial institutions	-	10.52
Interest accrued and due on borrowings from banks and financial institutions	12.40	232.13
Capital creditors		
Others	14.21	15.83
	110.25	446.62

NOTE: 18
PROVISIONS - CURRENT

(Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Compensated absences	0.00	0.00
	0.00	0.00

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

NOTE: 19
OTHER CURRENT LIABILITIES (Rs. in Crore)

	As at March 31, 2020	As at March 31, 2019
Other payables	0.02	0.08
	0.02	**0.08**

NOTE: 20
REVENUE FROM OPERATIONS (Rs. in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from transmission charges	334.33	174.69
	334.33	**174.69**

NOTE: 21
OTHER INCOME (Rs. in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income	1.43	0.51
	1.43	**0.51**

NOTE: 22
EMPLOYEE BENEFIT EXPENSES (Rs. in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	1.30	0.30
Contribution to provident and other fund	0.06	0.01
Gratuity	0.01	0.01
Staff welfare expenses	0.06	0.01
	1.43	**0.33**

NOTE: 23
OTHER EXPENSES (Rs. in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Production consumables	0.51	0.03
Repairs and maintenance		
Plant and machinery	6.63	0.27
Others	0.64	0.26
Application and license fees	0.48	0.21
Rent	0.02	0.02
Filing fees	0.00	0.00
Rates and taxes	0.00	0.00
Insurance	1.24	0.00
Travelling and conveyance	0.18	0.07
Legal and professional fees	1.03	1.18
Payments to Auditors (including GST)		
As auditor	0.07	0.05
For reimbursement of expenses		0.01
Directors' Fee	0.03	0.02
Miscellaneous expenses	0.19	0.07
	11.02	**2.19**

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

NOTE: 24
FINANCE COSTS

(Rs. in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest	173.69	103.17
Other borrowing costs	0.32	0.11
	174.01	103.28

NOTE: 25
EXCEPTIONAL ITEMS

(Rs. in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Provision for doubtful capital advances	-	(36.68)
Reversal of advance	8.49	-
Provision reversal on Inter-corporate deposits	(3.04)	3.04
	5.45	(33.64)

NOTE: 26
TAX EXPENSE

(a) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

(Rs. in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit / (loss) before tax	37.70	46.38
Tax at the Indian statutory tax rate of 25.17% (Previous year 34.944%)	9.49	16.21
Unabsorbed Depreciation	48.93	(64.85)
Impact of change in tax rates	(3.99)	(0.18)
Others	(25.86)	24.85
Tax expenses recognised in the statement of profit and loss	28.56	(23.97)

(b) Deferred tax charge / (credit) recognised in statement of profit and loss

(Rs. in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Property, plant and equipment	(59.96)	74.76
Intangible assets	(2.31)	0.08
Unabsorbed deprication	48.93	(64.85)
Employee benefit expenses	(0.00)	(0.01)
Interest Payable	39.84	(43.03)
Provision for Doubtful Advances	-	10.15
Provision for Doubtful Inter corporate deposit	1.06	(1.06)
Unamortised Fees (Curr & Non Current)	1.00	-
	28.56	(23.97)

NOTE: 27
CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS
(to the extent not provided for)

(Rs. in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
i. **Contingent liabilities**		
Entry Tax Liability not provided as material not purchased during the course of business	5.90	5.90

The Company is having Right of Way (ROW) legal cases for additional compensation demanded by farmers pending in Civil Court for Gandhar-Hazira and Mahan site. The amount of final liability, if any, will be ascertained at the time of resolution of matters pending in various district courts.

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Essar Transco Limited

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CHARTERED ACCOUNTANTS

To
The Board of Directors
Essar Transco Limited

1. We, S S Kothari Mehta and Co LLP, Chartered Accountants, Statutory Auditor of **Essar Transco Limited Company Limited** herein after referred to as ("the Company") have examined the books of accounts and other relevant records, having its registered office at Shop no 2 and 3 at Jalsa Complex, Plot no 175/1, 175/1Kha, 175/5, Village Tali (Waidhan), District Singruali, Madhxya Pradesh-486886.

2. We have been requested by the management of the Company to review the Split Financial Statements of Erstwhile Stage-II of Essar Power Transmission Company Limited (herein after refer to as Split Financials) prepared as on 31st March 2021 by the Company which comprises the Balance Sheet as at March 31, 2021 and statement of Profit and Loss for year ended on March 31, 2021 along with the notes to the financial statements and the basis of allocation (as per Annexure-I) in which some items are management represented.

3. The split financial statements which is based on audited financial statements of Erstwhile Essar Power Transmission Company Limited for the Financial Year 2020-21 have been prepared by the Company's management in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) for determination of Tariff.

Management's Responsibility for the Statement

4. The preparation of the Statement is the responsibility of the Management of Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Return and applying an appropriate basis of preparation.

5. The Management is also responsible for ensuring that the Company complies with the requirements of the Rules and the provisions of the relevant Act applicable to the Company and that it provides complete and accurate information as required therein.

6. The Management is also responsible for furnishing the financial information, audited account, representation and other records contained in the said split financial.

Auditor's Responsibility

7. Our responsibility, for the purpose of this review report, is limited to reviewing the particulars contained in the statement on the basis of financial information, audited account, representation, other records information & explanations and the basis of allocation provided by the Company.

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Essar Transco Limited

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CHARTERED ACCOUNTANTS

8. We conducted our examination required to be furnished in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

9. We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality control for firms that perform audits and review of historical financial information, other assurance and related services engagements.

Conclusion

10. Based on the procedures performed by us and according to the information and explanation given to us by the management of the Company, we have reviewed the split financials which is based on the audited financial statements of Erstwhile Essar Power Transmission Company Limited for the financial year 2020-21 prepared by the Company's management for determination of Tariff in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) which comprises the Balance Sheet as at March 31, 2021 and statement of Profit and Loss for year ended on March 31, 2021 along with the notes to the financial statements and the basis of allocation (as per Annexure-I) in which some items are management represented.

Restriction on use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Rules. Our obligations in respect of this review report are entirely separate from, and our responsibility and liability are in no way changed by any other role we may have (or may have had) as reviewers of the Company or otherwise. Nothing in this review report, nor anything said or done in the course of or in connection with the services that are the subject of this review report, will extend any duty of care we may have in our capacity as reviewers of the Company.

12. This review report is addressed and provided to the Board of Directors of Essar Transco Limited and should not be used by any other person or for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this review report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For **S S Kothari Mehta & Co. LLP**
Chartered Accountants
Firm Registration No. 000756N/N500441

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

(Neeraj Bansal)
Partner
Membership No. 095960

Place: Delhi
Date: 19-11-2024
UDIN: 24095960BKFAKG4218

Essar Transco Limited

Annexure-I

Head	Sub-head	Basis of Allocation
Non-current asset	Property, plant and equipment	Property, plant and equipment considered on identification basis except Laptops & Desktops which have been allocated on no of employees considered in each stage.
	Intangible assets	Considered on Identification basis
	Capital work in progress	Considered on Identification basis
Deferred tax Assets (Net)	Unabsorbed depreciation	Unabsorbed Depreciation till 31st March 2018 i.e. upto the year of capitalization of Stage II has been considered in Stage I. Thereafter The unabsorbed depreciation of the Company has been allocated in the ratio of Total Assets (excluding deferred tax assets, if any) as per books of accounts. After commencement of all the stages, unabsorbed Depreciation has been utilised on First in First out (FIFO) method on the basis of year of occurrence of unabsorbed depreciation.
	Provision for Employee Benefits	It is allocated in manpower cost ratio
	Intangible assets	It is allocated in asset ratio
	Fair Valuation of Financial Assets	It is allocated in the ratio of project cost
	Differences in depreciation in block of PPE as per tax book & financial books	It is allocated in asset ratio
Inventory	Stores & spares	It is considered on Identification basis
Financial Asset (C)	Trade Receivables	It is allocated in tariff ratio
	Cash & Cash Equivalents (CCE)- 1. Current accounts 2. Fixed Deposits	It is allocated in tariff ratio
	Bank balances other than CCE 1 Margin Deposits 2. Deposits in Debt Service Reserve Accounts (DSRA)	1.Margin Deposit is related to Sales Tax Deposit, hence taken in Stage II. 2. DSRA is allocated in tariff ratio
	Loans- Security Deposit & ICD	It is considered on Identification basis
	Other - 1. Interest accrued on Bank deposit	It is allocated in the ratio of project cost
Other current asset	1.Prepaid Expense 2.Other Advances	1. Prepaid expenses are allocated on Identification Basis. 2. Other advances directly identifiable are allocated on actual basis; whereas the common advances related to borrowings have been allocated in project cost ratio, advances related to manpower are allocated in

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Essar Transco Limited

		manpower cost ratio and remaining others in Tariff Ratio
Reserves & Surplus	Reserves & Surplus	1. Retained Earnings: Opening Balance of Previous Year Figures 2. Profit/Loss during the year is considered on the basis of profit and loss statement derived from split financial prepared for this period.
Head Office Account	Head Office	Head office account is the balancing figure between total assets, total liabilities and other equity.
Financial liabilities	Borrowings: From Banks and Others	It is allocated in the ratio of project cost
	Unamortized upfront fee	
	Fair value gain on restructuring loan liability	
Provisions	Leave encashment & Gratuity	It is allocated in manpower cost ratio
Trade payables	MSME & Others	1. Directly Identifiable - Considered on actual basis 2. Employee related - Allocated on the basis of Manpower cost ratio 3. Common - Allocated on the basis of Tariff ratio
Other financial liability	Current maturities of LTB	It is allocated in the ratio of project cost
	Unamortized upfront fee	
	Fair value gain on restructuring loan liability	
	Capital Creditors	It is considered on Identification basis
Other current liability	Other payables	It is related to staff cost, hence allocated in manpower cost ratio
Revenue from Operations	Revenue from Transmission charges	1. Actual Billing - On directly Identification basis 2. Income except billing (application & license fee) allocated on the basis of tariff ratio
Other income	Interest income	It is allocated in the ratio of project cost
Employee benefit expenses	Salaries and wages	It is allocated in Manpower Cost ratio.
	Contribution to provident and other fund	
	Gratuity	
	Staff welfare expenses	
Finance cost	Interest	1. Interest is allocated in the ratio of project cost 2.Other borrowing cost is allocated in the ratio of project cost.
	Other borrowing costs	
Depreciation & Amortisation	Depreciation & Amortization	It is considered on Identification basis

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Essar Transco Limited

Other expenses	Production consumables	It is allocated on inventory holding basis
	(R&M) - Plant and machinery	It is allocated on Identifiable Basis
	(RM) - Others	It is allocated on Identifiable Basis
	Stamp Duty	It is allocated in the ratio of project cost
	Application and license fees	It is allocated in tariff ratio
	Rent	It is allocated on Identifiable Basis
	Filing fees	It is allocated in tariff ratio
	Rates and taxes	It is allocated in tariff ratio
	Insurance	1. Directly identifiable - On actual basis 2. Employee related - Allocated on Manpower cost ratio
	Travelling and conveyance	It is allocated in Manpower Cost ratio
	Legal and professional fees	It is allocated in tariff ratio
	Payment to Auditor	It is allocated in tariff ratio
	Directors' Fee	It is allocated in tariff ratio
	Miscellaneous expenses	It is allocated in tariff ratio
	Social Welfare and Community Development	It is allocated in tariff ratio
Exceptional Items	Fair Value Gain on Restructuring Loan liability	It is allocated in the ratio of project cost
Tax Expense	Deferred tax (credit)/expense	It is based on the working of deferred tax assets and liability
OCI	Remeasurement of the defined benefit plans	It is bifurcated in manpower cost ratio
	Income tax effect	

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Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
BALANCE SHEET AS AT MARCH 31, 2021

(Rs. in Crore)

	Note no.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,710.53	1,811.71
Intangible assets	4	20.30	22.52
Capital work in progress			
Capital Items in Transit / Plant and Machinery	5	0.71	-
Financial assets			
Deferred tax assets (net)	6	-	27.46
		1,731.54	1,861.69
Current assets			
Inventories	7	1.18	0.19
Financial assets.			
Trade receivables	8	86.87	69.25
Cash and cash equivalents	9	40.62	54.92
Bank balances other than cash and cash equivalents	10	84.69	0.01
Loans	11	29.92	29.87
Other financial assets	12	1.54	0.05
Other current assets	13	7.02	42.26
		251.84	196.58
		1,983.38	2,058.27
EQUITY AND LIABILITIES			
EQUITY			
Reserves and surplus	14	149.88	79.49
Head office account		540.43	552.74
		690.31	632.23
LIABILITIES			
Non-current liabilities			
Financial liabilities:			
Borrowings	15	1,162.14	1,311.86
Provisions	16	0.08	0.05
Deferred tax liabilities (net)	6	29.16	-
		1,191.38	1,311.91
Current Liabilities			
Financial Liabilities			
Trade payables:			
Total Outstanding dues of micro enterprises and small enterprises	17	1.52	1.43
Others	17	7.74	2.44
Other financial liabilities	18	92.31	110.25
Provisions	19	-	0.00
Other current liabilities	20	0.12	0.02
		101.69	114.14
		1,983.38	2,058.27

Note no 1 and 2 for Significant Accounting policies and basis of allocation for Split Financial Statement and accompanying notes are integral part of financial statements.

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

Neeraj Bansal
Partner
Membership No:095960
Place:New Delhi
Date. 19-11-2024

Kirti Thakkar
CFO
Place:Mumbai

Date: 19-11-2024

For and on behalf of the Board of Directors

Atul Singh Raghav
Director
Din: 09756298
Place Ahmedabad
Date: 19-11-2024

Unnat Prakash
Director
Din: 09753855
Place Ahmedabad
Date: 19-11-2024

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in Crore

	Note no.	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from operations	21	335.35	334.33
Other income	22	1.90	1.43
Total Income		337.25	335.76
EXPENSES			
Employee benefit expenses	23	1.48	1.43
Finance costs	24	154.70	174.01
Depreciation and amortisation	3	106.50	106.15
Other expenses	25	15.36	11.02
Total expenses		278.04	292.61
Profit/(loss) before exceptional items and tax		59.21	43.15
Exceptional items	26	(67.64)	5.45
Profit/(loss) for the period		126.85	37.70
Deferred tax (credit) / expenses	27	56.44	28.56
Profit (Loss) for the period from continuing operations		70.41	9.14
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(0.03)	(0.01)
Income tax effect		0.01	0.00
Other comprehensive income for the year, net of tax		(0.02)	0.01
Total comprehensive income for the year, net of tax		70.39	9.15

Note no 1 and 2 for Significant Accounting policies and basis of allocation for Split Financial Statement and accompanying notes are integral part of financial statements.

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

Neeraj Bansal
Partner
Membership No:095960
Place:New Delhi
Date: 19-11-2024

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Kirti Thakkar

Kirti Thakkar
CFO
Place:Mumbai

Date: 19-11-2024

For and on behalf of the Board of Directors

Atul Singh Raghav
Director
Din: 09756298
Place:Ahmedabad

Essar Transco Limited

Unnat Prakash
Director
Din: 09753855
Place Ahmedabad
Date: 19-11-2024

Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2021

NOTES:

CORPORATE INFORMATION

Essar Transco Limited (the "Company" / "ETL") is a public company incorporated in the year 2022 and domiciled in India. The registered office of the Company is located at Shop no 2 and 3 at Jalsa Complex, Plot no 175/1, 175/1 Kha, 175/5, Village Tali (Waidhan), District Singrauli, Waidhan, Sidhi, Singrauli Colliery, Madhya Pradesh, India, 486886. The Company is in business of transmission of electricity. Central Electricity Regulatory Commission has issued Transmission License for 25 years to the Company to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission assets.

1.1 Basis of preparation

(i) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provision of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except certain financial instruments which has been measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

1.2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues and expenses during the period and assets, liabilities and the disclosure of contingent liabilities at the date of financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company has prepared its financial statements based on assumptions and estimates on parameters available at that time. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

1.3 Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in "Indian Rupees" (INR), which is also the Company's functional currency. All values are rounded to the nearest Crore (INR 00,00,000), except when otherwise indicated.

(ii) Transaction and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

1.4 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which The Company expects to be entitled in exchange for those goods or services.

(i) Revenue from transmission charges

The Company as per the prevalent tariff regulations is required to recover its Annual Revenue Requirement ('ARR') comprising of expenditure on account of operations and maintenance expenses, financing costs, taxes and assured return on regulator approved equity with additional incentive for operational efficiencies. Any surplus/shortfall in the recovery is accounted as revenue based on the final tariff orders by the regulatory authority.

Accordingly, the revenue from power transmission services is recognised over time based on the transmission asset availabilities and the tariff charges approved under the respective tariff orders and includes unbilled revenues accrued up to the end of the accounting period.

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Essar Transco Limited

(ii) Interest and dividend income

Interest income is recorded using the effective interest rate (EIR) for all debt instruments measured either at amortised cost or at fair value through other comprehensive income. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

1.5 Borrowing costs

Borrowing costs attributable to the acquisition and construction of the qualifying assets are capitalised as part of the cost of such assets up to the date when such asset is ready for its intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.6 Employee benefits

(i) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid with in twelve months in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits includes salaries, allowances and bonuses etc., compensated absences such as paid annual leave and performance incentives.

(ii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

(iii) Post-employment benefit plans

Contribution to defined contribution plans such as provident fund, are recognised as expense in the statement of profit and loss or expenditure during construction period, as applicable, when employees have rendered services entitling them to contributions.

The Group operates a defined benefit gratuity plan in India. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

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

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss or expenditure during construction period, as applicable,

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

Net interest expenses or income is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets.

The employee benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the related plan assets. Any asset resulting from this calculation is limited to the reductions in future contributions to the plan.

1.7 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charges is calculated on the basis of the tax laws enacted at the end of the reporting period in India. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current tax and liabilities are offset when there is a legally enforceable right to set off recognised amount and hence is an intention to settle the assets and the liability on the net basis.

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

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

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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Essar Transco Limited

1.8 Property, plant and equipment (PPE)

Freehold land is carried at historical cost and other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing costs and all other applicable expenses incurred to bring the assets to its present location and condition. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss or expenditure during construction period, as applicable.

All the expenditure during construction period (net of income) attributable to construction/acquisition of fixed assets are shown as capital work in progress until the relevant assets are ready for its intended use. When a major inspection or major maintenance is undertaken, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss during the reporting period in which they are incurred.

Transmission system assets are considered when they are "Ready for intended use" for the purpose of capitalisation, after test charging /successful commissioning of the system/ assets and on completion of stabilisation period.

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

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted if appropriate.

Depreciation is provided as per straight line method (SLM) at the rates and in the manner specified in Central Electricity Regulatory Commission (CERC) Tariff Regulations. Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions, as the case may be.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and capital work in progress recognised as at April 1, 2015 measured as per the previous GAAP i.e. Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

1.9 Intangible Assets

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over the best estimate of their useful lives. Amount paid for acquiring Right of Way (ROW) of laying transmission lines are accounted as intangible assets.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortised at the rate and in the manner specified in Central Electricity Regulatory Commission (CERC) Tariff Regulations except for capitalised software cost, which is equally amortised over a period of five years. Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions, as the case may be.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015 measured as per the previous GAAP i.e. Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

1.10 Impairment of non financial Assets

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised in the statement of profit and loss when the carrying amount of an asset exceeds its estimated recoverable amount. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

1.11 Inventories

Inventories are valued at lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost formula.

1.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, that can be reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are not recognised but disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

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Essar Transco Limited

1.13 Financial instruments

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

(i) Financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent Solely Payment of Principal and Interest (SPPI) are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payment of principal and interest (SPPI), are measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gain and losses which are recognised in profit and loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective

Fair value through profit and loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Debt instruments included within the FVPL category are measured at fair value with all changes recognized in the statement in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVPL. For all other equity instruments, the Company may classify the same either as at FVOCI or FVPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments which are classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Losses" (ECL) at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit or loss. This amount is reflected in a separate line in the profit or loss as an impairment gain or loss.

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(ii) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and trade and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. For liabilities designated as FVPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortised such as loans and borrowings, trade and other payable are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

The Company provides certain guarantees in respect of the indebtedness of group company undertakings, claims under contract and other arrangements in the ordinary course of business. The Company evaluates each arrangement to determine whether it is an insurance or a financial guarantee contract. Once the arrangements are designated as insurance contracts, these are disclosed as contingent liabilities unless the obligations under guarantee become probable. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the obligation under the contract and the amount initially recognised less cumulative amortisation over period of guarantee is provided.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with banks with original maturity of less than three months and short-term highly liquid investments, that are readily convertible into cash and which are subject to an insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

2.15 Earnings per share

Basic earnings per share are computed by dividing the profit / (loss) attributable to equity share holders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the profit / (loss) for the year after deducting preference dividends and attributable taxes attributable to equity shareholders. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit / (loss) for the year are adjusted for the effects of changes in income, expenses, tax and dividends that would have occurred had the dilutive potential equity shares been converted into equity shares. Such adjustments after taking account of tax include preference dividends or other items related to convertible preference shares, interest on convertible debt and any other changes in income or expense that would result from the conversion of dilutive potential ordinary shares. The weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.16 Investment in joint ventures

Investment in joint ventures are recognised at cost as per para 10(a) of Ind As 27. Except where investments accounted for at cost shall be accounted for in accordance with the IND AS 105, Non-Current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

2 Basis of Preparation of Split Financial Statements

The accompanying Balance sheet and Statement of Profit and Loss including the related schedule and notes forming part of the Company as at and for the year ended 31 March 2021 has been prepared by the Company's management in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) for determination of Tariff.

The split financials statements have been prepared by virtue of the Scheme of Arrangement for the Demerger (the "Demerger Scheme") under which all assets and liabilities, including existing loans and borrowings, pertaining to the 'Stage-II' Transmission Undertakings shall stand transferred and assigned to Essar Transco Limited ("ETL") w.e.f 1st April 2023 (Appointed Date).

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NEW DELHI
Chartered Accountants

Essar Transco Limited

Essar Transco Limited

2.1 Definition of Terms

The Stage II transmission undertaking of Erstwhile Essar Power Transmission Company Limited which consists of Mahan-Sipat Line has been assigned to ETL and the Stage I with the remaining business consists of Gandhar- Hazira Line.

2.2 Basis of Preparation of Split Financial Statements

Head	Sub-head	Basis of Allocation
Non-current asset	Property, plant and equipment	Property, plant and equipment considered on identification basis except Laptops & Desktops which have been allocated on no of employees considered in each stage
	Intangible assets	Considered on Identification basis
	Capital work in progress	Considered on Identification basis
Deferred tax Assets (Net)	Unabsorbed depreciation	Unabsorbed Depreciation till 31st March 2018 i.e. upto the year of capitalization of Stage II has been considered in Stage I. Thereafter The unabsorbed depreciation of the Company has been allocated in the ratio of Total Assets (excluding deferred tax assets, if any) as per books of accounts. After commencement of all the stages, unabsorbed Depreciation has been utilised on First in First out (FIFO) method on the basis of year of occurrence of unabsorbed depreciation.
	Provision for Employee Benefits	It is allocated in manpower cost ratio
	Intangible assets	It is allocated in asset ratio
	Fair Valuation of Financial Assets	It is allocated in the ratio of project cost
	Differences in depreciation in block of PPE as per tax book & financial books	It is allocated in asset ratio
Inventory	Stores & spares	It is considered on Identification basis
Financial Asset (C)	Trade Receivables	It is allocated in tariff ratio
	Cash & Cash Equivalents (CCE)- 1. Current accounts 2. Fixed Deposits	It is allocated in tariff ratio
	Bank balances other than CCE I Margin Deposits	1.Margin Deposit is realted to Sales Tax Deposit, hence taken in Stage II 2. DSRA is allocated in tariff ratio
	Loans- Security Deposit & ICD	It is considered on Identification basis
	Other - 1. Interest accrued on Bank deposit	It is allocated in the ratio of project cost
Other current asset	1.Prepaid Expense 2.Other Advances	1. Prepaid expenses are allocated on Identification Basis. 2. Other advances directly identifiable are allocated on actual basis; whereas the common advances related to brorrowings have been allocated in project cost ratio, advances related to manpower are allocated in manpower cost ratio and remaining others in Tariff Ratio
Reserves & Surplus	Reserves & Surplus	1. Retained Earnings: Opening Balance of Previous Year Figures 2. Profit/Loss during the year is considered on the basis of profit and loss statement derived from split financial prepared for this period.
Head Office Account	Head Office	Head office account is the balancing figure between total assets, total liabilities and other equity.
Financial liabilities	Borrowings: From Banks and Others	It is allocated in the ratio of project cost
	Unamortised upfront fee	
	Fair value gain on restructuring loan liability	
Provisions	Leave encashment & Gratuity	It is allocated in manpower cost ratio
Trade payables	MSME & Others	1. Directly Identifiable - Considered on actual basis 2. Employee related - Allocated on the basis of Manpower cost ratio 3. Common - Allocated on the basis of Tariff ratio

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Other financial liability	Current maturities of LTB	It is allocated in the ratio of project cost
	Unamortised upfront fee	
	Fair value gain on restructuring loan liability	
	Capital Creditors	It is considered on Identification basis
Other current liability	Other payables	It is related to staff cost, hence allocated in manpower cost ratio
Revenue from Operations	Revenue from Transmission charges	1. Actual Billing - On directly Identification basis 2. Income except billing (application & licence fee) allocated on the basis of tariff ratio
Other income	Interest income	It is allocated in the ratio of project cost
Employee benefit expenses	Salaries and wages	It is allocated in Manpower Cost ratio.
	Contribution to provident and other fund	
	Gratuity	
	Staff welfare expenses	
Finance cost	Interest	1. Interest is allocated in the ratio of project cost
	Other borrowing costs	2.Other borrowing cost is allocated in the ratio of project cost.
Depreciation & Amortisation	Depreciation & Amortization	It is considered on Identification basis
Other expenses	Production consumables	It is allocated on inventory holding basis
	(R&M) - Plant and machinery	It is allocated on Identifiable Basis
	(RM) - Others	It is allocated on Identifiable Basis
	Stamp Duty	It is allocated in the ratio of project cost
	Application and license fees	It is allocated in tariff ratio
	Rent	It is allocated on Identifiable Basis
	Filing fees	It is allocated in tariff ratio
	Rates and taxes	It is allocated in tariff ratio
	Insurance	1. Directly identifiable - On actual basis 2. Employee related - Allocated on Manpower cost ratio
	Travelling and conveyance	It is allocated in Manpower Cost ratio
	Legal and professional fees	It is allocated in tariff ratio
	Payment to Auditor	It is allocated in tariff ratio
	Directors' Fee	It is allocated in tariff ratio
	Miscellaneous expenses	It is allocated in tariff ratio
	Social Welfare and Community Development	It is allocated in tariff ratio
Exceptional Items	Fair Value Gain on Restructuring Loan liability	It is allocated in the ratio of project cost
Tax Expense	Deferred tax (credit)/expense	It is based on the working of deferred tax assets and liability
OCI	Remeasurement of the defined benefit plans	It is bifurcated in manpower cost ratio
	Income tax effect	

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Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2021

NOTE: 3
PROPERTY, PLANT AND EQUIPMENT

(Rs. in Crore)

Description of the assets	Gross block			Depreciation			Net block	
	Balance as at April 1, 2020	Additions during the year	Balance as at March 31, 2021	Balance as at April 1, 2020	For the year	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 31, 2020
Plant and Machinery								
Transmission line	1,969.92	3.18	1,973.09	158.31	104.27	262.58	1,710.51	1,811.61
Furniture and fixtures	0.01	-	0.01	0.00	0.00	0.00	0.01	0.01
Computers	0.00	0.01	0.01	-	0.00	0.00	0.01	0.00
Total	**1,969.93**	**3.19**	**1,973.11**	**158.31**	**104.27**	**262.58**	**1,710.53**	**1,811.62**

NOTE: 4
INTANGIBLE ASSETS

(Rs. in Crore)

Description of the assets	Gross block			Amortisation			Net block	
	Balance as at April 1, 2020	Additions during the year	Balance as at March 31, 2021	Balance as at April 1, 2020	For the year	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 31, 2020
Right of way	37.77	-	37.77	15.24	2.22	17.47	20.30	22.52
Total	**37.77**	**-**	**37.77**	**15.24**	**2.22**	**17.47**	**20.30**	**22.52**

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Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 5
CAPITAL WORK IN PROGRESS

(Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Capital Items in Transit / Plant and Machinery	0.71	-
	0.71	-

NOTE: 6
DEFERRED TAX ASSETS (NET)

(Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Deferred tax asset		
Unabsorbed depreciation	131.23	84.66
Provision for employee benefits	0.02	0.02
Interest Payable	-	3.12
Gross deferred tax asset	**131.25**	**87.80**
Differences in depreciation in block of fixed assets as per tax books and financial books	139.25	55.37
Intangible assets	4.13	3.94
Fair valuation of financial assets	17.03	0.03
Unamortised Fees (Curr & Non Current)	-	1.00
Gross deferred tax liability	**160.41**	**60.34**
Net deferred tax asset	**(29.16)**	**27.46**

NOTE: 7
INVENTORIES
(At lower of cost and net realisable value)

(Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Stores and spares	1.18	0.18
	1.18	0.18

NOTE: 8
TRADE RECEIVABLES
(Unsecured, unless otherwise stated)

(Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Trade receivables		
considered good	86.87	69.26
	86.87	**69.26**

NOTE: 9
CASH AND CASH EQUIVALENTS

(Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Balances with banks in		
Current accounts	34.09	50.58
Fixed deposits	6.53	4.34
	40.62	54.92

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Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 10
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
Unsecured, considered good		
Margin deposits	0.01	0.01
Deposite in Debt service reserve account (DSRA)	84.68	-
	84.69	**0.01**

NOTE: 11
LOANS
(Unsecured considered good, unless otherwise stated) (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Security deposits		
Unsecured,considered good	0.90	0.85
Loans and advances to related parties		
Inter corporate deposits	29.02	29.02
	29.92	**29.87**

NOTE: 12
OTHER FINANCIAL ASSETS (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Interest accrued on bank deposit	1.54	0.08
	1.54	**0.08**

NOTE: 13
OTHER CURRENT ASSETS (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Security deposits		
Unsecured,considered good	-	0.05
Others		
Prepaid expenses	3.93	3.25
Other advances	3.09	2.12
Advance Interest	-	36.84
	7.02	**42.26**

NOTE: 14
RESERVES AND SURPLUS (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Retained earnings	79.50	70.35
Add/ Less:		
During the year	70.38	9.14
	149.88	**79.49**

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ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 15
BORROWINGS (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Rupee term loans		
From banks	67.38	107.08
From others	1,157.50	1,208.49
	1,224.88	1,315.57
Less: Unamortised upfront fee	(3.45)	(3.71)
Less Fair Value Gain on Restructuring Loan liability	(59.29)	-
	1,162.14	**1,311.86**

NOTE: 16
PROVISIONS (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity	0.06	0.04
Compensated absences	0.02	0.01
	0.08	**0.05**

NOTE: 17
TRADE PAYABLES (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Trade payables		
Total outstanding of micro and small enterprises	1.52	1.43
Others	7.74	2.44
	9.26	**3.87**

NOTE: 18
OTHER FINANCIAL LIABILITIES (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Current maturities of long term borrowings	83.91	83.90
Less: Unamortised upfront fee	(0.26)	(0.26)
Less Fair Value Gain on Restructuring Loan liability	(8.35)	-
	75.30	**83.64**
Interest accrued and due on borrowings from banks and financial institutions	-	12.40
Capital creditors		
Others	17.01	14.21
	92.31	**110.25**

NOTE: 19
PROVISIONS (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Compensated absences	-	0.00
	-	**0.00**

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ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 20

OTHER CURRENT LIABILITIES (Rs. in Crore)

	As at March 31, 2021	As at March 31, 2020
Other payables	0.12	0.02
	0.12	**0.02**

NOTE: 21

REVENUE FROM OPERATIONS (Rs. in Crore)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from transmission charges	335.35	334.33
	335.35	**334.33**

NOTE: 22

OTHER INCOME (Rs. in Crore)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income	1.90	1.43
	1.90	**1.43**

NOTE: 23

EMPLOYEE BENEFIT EXPENSES (Rs. in Crore)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	1.28	1.30
Contribution to provident and other fund	0.07	0.06
Gratuity	0.06	0.01
Staff welfare expenses	0.07	0.06
	1.48	**1.43**

NOTE: 24

FINANCE COSTS (Rs. in Crore)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest	154.33	173.69
Other borrowing costs	0.37	0.32
	154.70	**174.01**

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Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 25

OTHER EXPENSES (Rs. in Crore)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Production consumables	0.28	0.51
Repairs and maintenance		
Plant and machinery	7.64	6.63
Others	0.84	0.64
Stamp Duty	0.54	-
Application and license fees	0.40	0.48
Rent	0.03	0.02
Filing fees	0.01	0.00
Rates and taxes	0.00	0.00
Insurance	3.47	1.24
Travelling and conveyance	0.14	0.18
Legal and professional fees	1.58	1.03
Payments to Auditors (including GST)		
As auditor	0.07	0.07
Directors' Fee	0.03	0.03
Miscellaneous expenses	0.18	0.19
Social Welfare and Community Development	0.15	-
	15.36	11.02

NOTE: 26

EXCEPTIONAL ITEMS/ IND AS ADJUSTMENT (Rs. in Crore)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Provision for doubtful capital advances	-	(3.04)
Reversal of provision for doubtful capital advances	-	8.49
Fair Value Gain on Restructuring Loan liability	(67.64)	
	(67.64)	5.45

NOTE: 27

TAX EXPENSE

(a) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

(Rs. in Crore)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting profit / (loss) before tax	126.85	37.71
Tax at the Indian statutory tax rate	31.93	9.49
Fair Value Gain on Restructuring	(17.05)	
Deferred Tax recognised on other temporary items (Net)	41.57	23.02
Impact of change in tax rates		(3.96)
Tax expenses recognised in the statement of profit and loss	56.44	28.55

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Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

(b) Deferred tax charge / (credit) recognised in statement of profit and loss

(Rs. in Crore)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Property, plant and equipment	83.67	(59.96)
Intangible assets	0.19	(2.31)
Unabsorbed deprication	(46.57)	48.93
Employee benefit expenses	0.00	(0.00)
Interest Payable	3.12	39.84
Provision for Doubtful Inter corporate deposit	-	1.06
FV Gain on Restructuring	17.03	
Unamortised Fees (Curr & Non Current)	(1.00)	1.00
	56.44	**28.56**

NOTE: 33
CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS
(to the extent not provided for)

(Rs. in Crore)

	For the year ended March 31, 2021	For the year ended March 31, 2020
i. Contingent liabilities		
Entry Tax Liability not provided as material not purchased during the course of	5.90	5.90

The Company is having Right of Way (ROW) legal cases for additional compensation demanded by farmers pending in Civil Court for Gandhar-Hazira and Mahan site. The amount of final liability, if any, will be ascertained at the time of resolution of matters pending in various district courts.

S.S. KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

SS KOTHARI MEHTA
& CO. LLP
CHARTERED ACCOUNTANTS

To
The Board of Directors
Essar Transco Limited

1. We, S S Kothari Mehta and Co LLP, Chartered Accountants, Statutory Auditor of **Essar Transco Limited Company Limited** herein after referred to as ("the Company") have examined the books of accounts and other relevant records, having its registered office at Shop no 2 and 3 at Jalsa Complex, Plot no 175/1, 175/1Kha, 175/5, Village Tali (Waidhan), District Singruali, Madhxya Pradesh-486886.

2. We have been requested by the management of the Company to review the Split Financial Statements of Erstwhile Stage-II of Essar Power Transmission Company Limited (herein after refer to as Split Financials) prepared as on 31st March 2022 by the Company which comprises the Balance Sheet as at March 31, 2022 and statement of Profit and Loss for year ended on March 31, 2022 along with the notes to the financial statements and the basis of allocation (as per Annexure-I) in which some items are management represented.

3. The split financial statements which is based on audited financial statements of Erstwhile Essar Power Transmission Company Limited for the Financial Year 2021-22 have been prepared by the Company's management in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) for determination of Tariff.

Management's Responsibility for the Statement

4. The preparation of the Statement is the responsibility of the Management of Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Return and applying an appropriate basis of preparation.

5. The Management is also responsible for ensuring that the Company complies with the requirements of the Rules and the provisions of the relevant Act applicable to the Company and that it provides complete and accurate information as required therein.

6. The Management is also responsible for furnishing the financial information, audited account, representation and other records contained in the said split financial.

Auditor's Responsibility

7. Our responsibility, for the purpose of this review report, is limited to reviewing the particulars contained in the statement on the basis of financial information, audited account, representation, other records information & explanations and the basis of allocation provided by the Company.

S S KOTHARI MEHTA & CO. LLP * NEW DELHI * Chartered Accountants

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Essar Transco Limited

www.sskmin.com

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CHARTERED ACCOUNTANTS

8. We conducted our examination required to be furnished in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

9. We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality control for firms that perform audits and review of historical financial information, other assurance and related services engagements.

Conclusion

10. Based on the procedures performed by us and according to the information and explanation given to us by the management of the Company, we have reviewed the split financials which is based on the audited financial statements of Erstwhile Essar Power Transmission Company Limited for the financial year 2021-22 prepared by the Company's management for determination of Tariff in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) which comprises the Balance Sheet as at March 31, 2022 and statement of Profit and Loss for year ended on March 31, 2022 along with the notes to the financial statements and the basis of allocation (as per Annexure-I) in which some items are management represented.

Restriction on use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Rules. Our obligations in respect of this review report are entirely separate from, and our responsibility and liability are in no way changed by any other role we may have (or may have had) as reviewers of the Company or otherwise. Nothing in this review report, nor anything said or done in the course of or in connection with the services that are the subject of this review report, will extend any duty of care we may have in our capacity as reviewers of the Company.

12. This review report is addressed and provided to the Board of Directors of Essar Transco Limited and should not be used by any other person or for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this review report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For **S S Kothari Mehta & Co. LLP**
Chartered Accountants
Firm Registration No. 000756N/N500441

(Neeraj Bansal)
Partner
Membership No. 095960

Place: Delhi
Date: 19-11-2024
UDIN: 24095960BKFAKH6691

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

Annexure-I

Head	Sub-head	Basis of Allocation
Non-current asset	Property, plant and equipment	Property, plant and equipment considered on identification basis except Laptops & Desktops which have been allocated on no of employees considered in each stage.
	Intangible assets	Considered on Identification basis
Deferred tax Assets (Net)	Unabsorbed depreciation	Unabsorbed Depreciation till 31st March 2018 i.e. upto the year of capitalization of Stage II has been considered in Stage I. Thereafter The unabsorbed depreciation of the Company has been allocated in the ratio of Total Assets (excluding deferred tax assets, if any) as per books of accounts. After commencement of all the stages, unabsorbed Depreciation has been utilised on First in First out (FIFO) method on the basis of year of occurrence of unabsorbed depreciation.
	Provision for Employee Benefits	It is allocated in manpower cost ratio
	Intangible assets	It is allocated in asset ratio
	Fair Valuation of Financial Assets	It is allocated in the ratio of project cost
	Differences in depreciation in block of PPE as per tax book & financial books	It is allocated in asset ratio
Inventory	Stores & spares	It is considered on Identification basis
Financial Asset (C)	Trade Receivables	It is allocated in tariff ratio
	Cash & Cash Equivalents (CCE)- 1. Current accounts 2. Fixed Deposits	It is allocated in tariff ratio
	Bank balances other than CCE 1 Margin Deposits 2. Deposits in Debt Service Reserve Accounts (DSRA)	1.Margin Deposit is related to Sales Tax Deposit, hence taken in Stage II 2. DSRA is allocated in tariff ratio
	Loans- Security Deposit	It is considered on Identification basis
	Other - Interest accrued on Bank deposit	It is allocated in the ratio of project cost
Other current asset	1.Prepaid Expense 2.Other Advances	1. Prepaid expenses are allocated on identification Basis. 2. Other advances directly identifiable are allocated on actual basis; whereas the common advances related to borrowings have been allocated in project cost ratio, advances related to manpower are allocated in manpower cost ratio and remaining others in Tariff Ratio

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

Reserves & Surplus	Reserves & Surplus	1. Retained Earnings: Opening Balance of Previous Year Figures 2. Profit/Loss during the year is considered on the basis of profit and loss statement derived from split financial prepared for this period.
Head Office Account	Head Office	Head office account is the balancing figure between total assets, total liabilities and other equity.
Financial liabilities	Borrowings: From Banks and Others	It is allocated in the ratio of project cost
	Unamortized upfront fee	
	Fair value gain on restructuring loan liability	
Provisions	Leave encashment & Gratuity	It is allocated in manpower cost ratio
Trade payables	MSME & Others	1. Directly Identifiable - Considered on actual basis 2. Employee related - Allocated on the basis of Manpower cost ratio 3. Common - Allocated on the basis of Tariff ratio
Borrowings	Current maturities of LTB	It is allocated in the ratio of project cost
	Unamortized upfront fee	
	Fair value gain on restructuring loan liability	
Other financial liability	Capital Creditors	It is considered on Identification basis
Other Current Liability	Other payables	It is related to staff cost, hence allocated in manpower cost ratio
Revenue from Operations	Revenue from Transmission charges	1. Actual Billing - On directly Identification basis 2. Income except billing (application & license fee) allocated on the basis of tariff ratio
Other income	Interest income	It is allocated in the ratio of project cost
	Excess provision/ Credit Balance written Back	It is considered on Identification basis
Employee benefit expenses	Salaries and wages	It is allocated in Manpower Cost ratio
	Contribution to provident and other fund	
	Gratuity	
	Staff welfare expenses	
Finance cost	Interest	It is allocated in the ratio of project cost
	Interest on lease charges	
	Other borrowing costs	

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Essar Transco Limited

Depreciation & Amortisation	Depreciation & Amortization	It is considered on Identification basis
Other expenses	Production consumables	It is allocated on inventory holding basis
	(R&M) - Plant and machinery	It is allocated on Identifiable Basis
	(RM) - Others	It is allocated on Identifiable Basis
	Stamp Duty	It is allocated in Tariff ratio
	Application and license fees	It is allocated in tariff ratio
	Rent	It is allocated on Identifiable Basis
	Filing fees	It is allocated in tariff ratio
	Rates and taxes	It is allocated in tariff ratio
	Insurance	1. Directly identifiable - On actual basis 2. Employee related - Allocated on Manpower cost
	Travelling and conveyance	It is allocated in Manpower Cost ratio
	Legal and professional fees	It is allocated in tariff ratio
	Payment to Auditor	It is allocated in tariff ratio
	Directors' Fee	It is allocated in tariff ratio
	Miscellaneous expenses	It is allocated in tariff ratio
	Social Welfare and Community Development	It is allocated in tariff ratio
Exceptional Items	Reversal of advances	It is allocated in tariff ratio
	Balance written back	It is allocated on Identifiable Basis
	Written off Inter corporate deposits ICD	It is allocated in the ratio of project cost
Tax Expense	Deferred tax (credit)/expense	It is based on the working of deferred tax assets and liability
OCI	Remeasurement of the defined benefit plans	It is bifurcated in manpower cost ratio
	Income tax effect	

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Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
BALANCE SHEET AS AT MARCH 31, 2022

(Rs. in Crore)

	Note no.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,606.76	1,710.53
Intangible assets	4	18.08	20.30
Capital Items in Transit / Plant and Machinery	5	-	0.71
		1,624.84	1,731.54
Current assets			
Inventories	7	1.94	1.18
Financial assets:			
Trade receivables	8	75.42	86.87
Cash and cash equivalents	9	52.67	40.62
Bank balances other than cash and cash equivalents	10	113.72	84.69
Loans	11	0.18	29.92
Other financial assets	12	3.92	1.54
Other current assets	13	2.11	7.02
		249.96	251.84
		1,874.80	1,983.38
EQUITY AND LIABILITIES			
EQUITY			
Reserves and surplus	14	187.19	149.88
Head office account		528.14	540.43
		715.33	690.31
LIABILITIES			
Non-current liabilities			
Financial liabilities:			
Borrowings	15	1,022.24	1,162.14
Provisions	16	0.02	0.08
Deferred tax liabilities (net)	6	48.34	29.16
		1,070.60	1,191.38
Current Liabilities			
Financial Liabilities:			
Trade payables:			
Total Outstanding dues of micro enterprises and small enterprises	17	0.14	1.52
Others	17	2.10	7.74
Borrowings	18	76.25	75.30
Other financial liabilities	19	10.17	17.01
Other current liabilities	20	0.20	0.12
		88.85	101.69
		1,874.78	1,983.38

Note no 1 and 2 for Significant Accounting policies and basis of allocation for Split Financial Statement and accompanying notes are integral part of financial statements.

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

Neeraj Bansal
Partner
Membership No:095960
Place:New Delhi
Date: 19-11-2024

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Kirti Thakkar
CFO
Place:Ahmedabad

Date: 19-11-2024

For and on behalf of the Board of Directors

Atul Singh Raghav
Director
Din: 09756298
Place:Ahmedabad
Date: 19-11-2024

Unnat Prakash
Director
Din: 09753855
Place:Ahmedabad
Date: 19-11-2024

Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

(Rs. in Crore)

	Note no.	For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
Revenue from operations	21	344.84	335.35
Other income	22	4.19	1.90
Total Income		349.04	337.25
EXPENSES			
Employee benefit expenses	23	2.24	1.48
Finance costs	24	149.75	151.70
Depreciation and amortisation	3&4	106.53	106.50
Other expenses	25	10.89	15.36
Total expenses		269.42	278.04
Profit/(loss) before exceptional items and tax		79.62	59.21
Exceptional items	26	23.48	(67.64)
Profit/(loss) for the period		56.14	126.85
Deferred tax (credit) / expenses	27	18.84	56.44
Profit (Loss) for the period from continuing operations		37.30	70.41
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(0.00)	(0.12)
Income tax effect		0.00	0.03
		(0.00)	(0.09)
Other comprehensive income for the year, net of tax		(0.00)	(0.09)
Total comprehensive income for the year, net of tax		37.30	70.32

Note no 1 and 2 for Significant Accounting policies and basis of allocation for Split Financial Statement and accompanying notes are integral part of financial statements.

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

Neeraj Bansal
Partner
Membership No.095960
Place:New Delhi
Date: 19-11-2024

SS KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Kirti Thakkar
CFO
Place:Ahmedabad

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For and on behalf of the Board of Directors

Atul Singh Raghav
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Din: 09756298
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Unnat Prakash
Director
Din: 09753855
Place:Ahmedabad
Date: 19-11-2024

Essar Transco Limited

1.9 Intangible Assets

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over the best estimate of their useful lives. Amount paid for acquiring Right of Way (ROW) of laying transmission lines are accounted as intangible assets.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortised at the rate and in the manner specified in Central Electricity Regulatory Commission (CERC) Tariff Regulations except for capitalised software cost, which is equally amortised over a period of five years. Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions, as the case may be.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015 measured as per the previous GAAP i.e. Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

1.10 Impairment of non financial Assets

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised in the statement of profit and loss when the carrying amount of an asset exceeds its estimated recoverable amount. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

1.11 Inventories

Inventories are valued at lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost formula.

1.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, that can reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are not recognised but disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

1.13 Financial instruments

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

(i) Financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent Solely Payment of Principal and Interest (SPPI) are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payment of principal and interest (SPPI), are measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gain and losses which are recognised in profit and loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit and loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Debt instruments included within the FVPL category are measured at fair value with all changes recognized in the statement in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVPL. For all other equity instruments, the Company may classify the same either as at FVOCI or FVPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments which are classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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Essar Transco Limited

The Company applies the 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Losses" (ECL) at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit or loss. This amount is reflected in a separate line in the profit or loss as an impairment gain or loss.

(ii) Financial liabilities
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and trade and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:
Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. For liabilities designated as FVPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortized cost
Financial liabilities classified and measured at amortised such as loans and borrowings, trade and other payable are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts
The Company provides certain guarantees in respect of the indebtedness of group company undertakings, claims under contract and other arrangements in the ordinary course of business. The Company evaluates each arrangement to determine whether it is an insurance or a financial guarantee contract. Once the arrangements are designated as insurance contracts, these are disclosed as contingent liabilities unless the obligations under guarantee become probable. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the obligation under the contract and the amount initially recognised less cumulative amortisation over period of guarantee is provided.

De-recognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.14 Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with banks with original maturity of less than three months and short-term highly liquid investments, that are readily convertible into cash and which are subject to an insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

1.15 Earnings per share
Basic earnings per share are computed by dividing the profit / (loss) attributable to equity share holders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the profit / (loss) for the year after deducting preference dividends and attributable taxes attributable to equity shareholders. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit / (loss) for the year are adjusted for the effects of changes in income, expenses, tax and dividends that would have occurred had the dilutive potential equity shares been converted into equity shares. Such adjustments after taking account of tax include preference dividends or other items related to convertible preference shares, interest on convertible debt and any other changes in income or expense that would result from the conversion of dilutive potential ordinary shares. The weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

1.16 Investment in joint ventures
Investment in joint ventures are recognised at cost as per para 10(a) of Ind As 27. Except where investments accounted for at cost shall be accounted for in accordance with the IND AS 105, Non-Current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

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Essar Transco Limited

2 Basis of Preparation of Split Financial Statements

The accompanying Balance sheet and Statement of Profit and Loss including the related schedule and notes forming part of the Company as at and for the year ended 31 March 2022 has been prepared by the Company's management in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) for determination of Tariff.

The split financials statements have been prepared by virtue of the Scheme of Arrangement for the Demerger (the "Demerger Scheme") under which all assets and liabilities, including existing loans and borrowings, pertaining to the 'Stage-II' Transmission Undertakings shall stand transferred and assigned to Essar Transco Limited ("ETL") w.e.f 1st April 2023 (Appointed Date).

2.1 Definition of Terms

The Stage II transmission undertaking of Erstwhile Essar Power Transmission Company Limited which consists of Mahan-Sipat Line has been assigned to ETL and the Stage I with the remaining business consists of Gandhar- Hazira Line.

2.2 Basis of Preparation of Split Financial Statements

Head	Sub-head	Basis of Allocation
Non-current asset	Property, plant and equipment	Property, plant and equipment considered on identification basis except Laptops & Desktops which have been allocated on no of employees considered in each stage.
	Intangible assets	Considered on Identification basis
Deferred tax Assets (Net)	Unabsorbed depreciation	Unabsorbed Depreciation till 31st March 2018 i.e. upto the year of capitalization of Stage II has been considered in Stage I. Thereafter The unabsorbed depreciation of the Company has been allocated in the ratio of Total Assets (excluding deferred tax assets, if any) as per books of accounts. After commencement of all the stages, unabsorbed Depreciation has been utilised on First in First out (FIFO) method on the basis of year of occurrence of unabsorbed depreciation.
	Provision for Employee Benefits	It is allocated in manpower cost ratio
	Intangible assets	It is allocated in asset ratio
	Fair Valuation of Financial Assets	It is allocated in the ratio of project cost
	Differences in depreciation in block of PPE as per tax book & financial books	It is allocated in asset ratio
Inventory	Stores & spares	It is considered on Identification basis
Financial Asset (C)	Trade Receivables	It is allocated in tariff ratio
	Cash & Cash Equivalents (CCE)- 1. Current accounts 2. Fixed Deposits	It is allocated in tariff ratio
	Bank balances other than CCE 1 Margin Deposits 2. Deposits in Debt Service Reserve Accounts (DSRA)	1.Margin Deposit is realted to Sales Tax Deposit, hence taken in Stage II 2. DSRA is allocated in tariff ratio
	Loans- Security Deposit	It is considered on Identification basis
	Other - Interest accrued on Bank deposit	It is allocated in the ratio of project cost
Other current asset	1.Prepaid Expense 2.Other Advances	1. Prepaid expenses are allocated on Identification Basis. 2. Other advances directly identifiable are allocated on actual basis; whereas the common advances related to brorrowings have been allocated in project cost ratio, advances related to manpower are allocated in manpower cost ratio and remaining others in Tariff Ratio
Reserves & Surplus	Reserves & Surplus	1. Retained Earnings: Opening Balance of Previous Year Figures 2. Profit/Loss during the year is considered on the basis of profit and loss statement derived from split financial prepared for this period.
Head Office Account	Head Office	Head office account is the balancing figure between total assets, total liabilities and other equity.
Financial liabilities	Borrowings: From Banks and Others Unamortised upfront fee Fair value gain on restructuring loan liability	It is allocated in the ratio of project cost
Provisions	Leave encashment & Gratuity	It is allocated in manpower cost ratio
Trade payables	MSME & Others	1. Directly Identifiable - Considered on actual basis 2. Employee related - Allocated on the basis of Manpower cost ratio 3. Common - Allocated on the basis of Tariff ratio
Borrowings	Current maturities of LTB Unamortised upfront fee Fair value gain on restructuring loan liability	It is allocated in the ratio of project cost
Other financial liability	Capital Creditors	It is considered on Identification basis
Other Current Liability	Other payables	It is related to staff cost, hence allocated in manpower cost ratio
Revenue from Operations	Revenue from Transmission charges	1. Actual Billing - On directly Identification basis 2. Income except billing (application & licence fee) allocated on the basis of tariff ratio
Other income	Interest income	It is allocated in the ratio of project cost
	Excess provision/ Credit Balance written Back	It is considered on Identification basis

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Essar Transco Limited

Employee benefit expenses	Salaries and wages	It is allocated in Manpower Cost ratio
	Contribution to provident and other fund	
	Gratuity	
	Staff welfare expenses	
Finance cost	Interest	It is allocated in the ratio of project cost
	Interest on lease charges	
	Other borrowing costs	
Depreciation & Amortisation	Depreciation & Amortization	It is considered on Identification basis
Other expenses	Production consumables	It is allocated on inventory holding basis
	(R&M) - Plant and machinery	It is allocated on Identifiable Basis
	(RM) - Others	It is allocated on Identifiable Basis
	Stamp Duty	It is allocated in Tariff ratio
	Application and license fees	It is allocated in tariff ratio
	Rent	It is allocated on Identifiable Basis
	Filing fees	It is allocated in tariff ratio
	Rates and taxes	It is allocated in tariff ratio
	Insurance	1. Directly identifiable - On actual basis 2. Employee related - Allocated on Manpower cost
	Travelling and conveyance	It is allocated in Manpower Cost ratio
	Legal and professional fees	It is allocated in tariff ratio
	Payment to Auditor	It is allocated in tariff ratio
	Directors' Fee	It is allocated in tariff ratio
	Miscellaneous expenses	It is allocated in tariff ratio
	Social Welfare and Community Development	It is allocated in tariff ratio
Exceptional Items	Reversal of advances	It is allocated in tariff ratio
	Balance written back	It is allocated on Identifiable Basis
	Written off Inter corporate deposits ICD	It is allocated in the ratio of project cost
Tax Expense	Deferred tax (credit)/expense	It is based on the working of deferred tax assets and liability
OCI	Remeasurement of the defined benefit plans	It is bifurcated in manpower cost ratio
	Income tax effect	

S S KOTHARI MEHTA & CO. LLP
NEW DELHI
Chartered Accountants

Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2022

NOTE: 3
PROPERTY, PLANT AND EQUIPMENT

(Rs. in Crore)

Description of the assets	Gross block			Depreciation			Net block	
	Balance as at April 1, 2021	Additions during the year	Balance as at March 31, 2022	Balance as at April 1, 2021	For the year	Balance as at March 31, 2022	Balance as at March 31, 2022	Balance as at March 31, 2021
Plant and Machinery								
Transmission line	1,973.09	0.72	1,973.81	262.79	104.31	367.10	1,606.71	1,710.30
Furniture and fixtures	0.01	-	0.01	0.00	0.00	0.00	0.00	0.00
Office equipments	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00
Computers	0.01	0.04	0.05	0.00	0.00	0.00	0.05	0.01
Total	**1,973.12**	**0.75**	**1,973.87**	**262.80**	**104.31**	**367.11**	**1,606.76**	**1,710.32**

NOTE: 4
INTANGIBLE ASSETS

(Rs. in Crore)

Description of the assets	Gross block			Amortisation			Net block	
	Balance as at April 1, 2021	Additions during the year	Balance as at March 31, 2022	Balance as at April 1, 2021	For the year	Balance as at March 31, 2022	Balance as at March 31, 2022	Balance as at March 31, 2021
Right of way	37.77	-	37.77	17.47	2.22	19.69	18.08	20.30
Total	**37.77**	**-**	**37.77**	**17.47**	**2.22**	**19.69**	**18.08**	**20.30**

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Essar Transco Limited

ESSAR TRANSCO LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

NOTE: 5
CAPITAL WORK IN PROGRESS (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Capital Items in Transit / Plant and Machinery	-	0.71
	-	0.71

NOTE: 6
DERERRED TAX ASSET/LIABILITY (NET) (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Deferred tax asset		
Unabsorbed depreciation	125.97	131.23
Provision for employee benefits	0.01	0.02
Gross deferred tax asset	125.98	131.25
Differences in depreciation in block of fixed assets as per tax books and financial books	155.58	139.25
Intangible assets	3.82	4.13
Fair valuation of financial assets	14.92	17.03
Gross deferred tax liability	174.32	160.41
Net deferred tax asset	(48.34)	(29.16)

NOTE: 7
INVENTORIES
(At lower of cost and net realisable value) (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Stores and spares	1.94	1.18
	1.94	1.18

NOTE: 8
TRADE RECEIVABLES
(Unsecured, unless otherwise stated) (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Trade receivables		
Undisputed Trade receivables - Considered good	75.42	86.87
	75.42	86.87

NOTE: 9
CASH AND CASH EQUIVALENTS (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Balances with banks in		
Current accounts	37.96	34.09
Fixed deposits	14.71	6.53
	52.67	40.62

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Essar Transco Limited

ESSAR TRANSCO LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

NOTE: 10

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Balances with banks:		
Unsecured, considered good		
Margin deposits	0.01	0.01
Deposite in Debt service reserve account (DSRA)	113.71	84.68
	113.72	84.69

NOTE: 11

LOANS

(Unsecured considered good, unless otherwise stated) (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Security deposits		
Secured,considered good		
Unsecured,considered good	0.18	0.90
Inter corporate deposits	-	29.02
	0.18	29.92

NOTE: 12

OTHER FINANCIAL ASSETS (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Interest accrued on bank deposit	3.92	1.54
	3.92	1.54

NOTE: 13

OTHER CURRENT ASSETS (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Others		
Unsecured,considered good		
Prepaid expenses	0.12	3.93
Other advances	1.99	3.09
	2.11	7.02

NOTE: 14

RESERVES AND SURPLUS (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Retained earnings	149.88	79.50
During the year	37.31	70.38
	187.19	149.88

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

ESSAR TRANSCO LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

NOTE: 15

BORROWINGS (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Secured		
From banks	60.59	67.38
From others	1,016.73	1,157.50
	1,077.32	1,224.88
Less: Unamortised upfront fee	(3.19)	(3.45)
Less Fair Value Gain on Restructuring Loan liability	(51.89)	(59.29)
	1,022.24	1,162.14

NOTE: 16

PROVISIONS (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Gratuity	0.01	0.06
Compensated absences	0.01	0.02
	0.02	0.08

NOTE: 17

TRADE PAYABLES (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Trade payables		
Total outstanding of micro and small enterprises	0.14	1.52
Others	2.10	7.74
	2.24	9.26

NOTE: 18

BORROWINGS (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Current maturities of long term borrowings	83.91	83.91
Less: Unamortised upfront fee	(0.26)	(0.26)
Less Fair Value Gain on Restructuring Loan liability	(7.40)	(8.35)
	76.25	75.30

NOTE: 19

OTHER FINANCIAL LIABILITIES (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Capital creditors		
Total outstanding of micro and small enterprises		
Others	10.17	17.01
	10.17	17.01

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

ESSAR TRANSCO LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

NOTE: 20

OTHER CURRENT LIABILITIES (Rs. in Crore)

	As at March 31, 2022	As at March 31, 2021
Other payables	0.20	0.12
	0.20	**0.12**

NOTE: 21

REVENUE FROM OPERATIONS (Rs. in Crore)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from transmission charges	344.84	335.35
	344.84	**335.35**

NOTE: 22

OTHER INCOME (Rs. in Crore)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income	2.94	1.90
Excess provision/ Credit balance written back	1.25	-
	4.19	**1.90**

NOTE: 23

EMPLOYEE BENEFIT EXPENSES (Rs. in Crore)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	2.08	1.28
Contribution to provident and other fund	0.08	0.07
Gratuity	0.03	0.06
Staff welfare expenses	0.06	0.07
	2.24	**1.48**

NOTE: 24

FINANCE COSTS (Rs. in Crore)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest	141.14	154.33
Other borrowing costs	0.26	0.37
Amortisation of NPV gain on Restructuring of Loan Liability	8.35	-
	149.75	**154.70**

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Essar Transco Limited

ESSAR TRANSCO LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

NOTE: 25

OTHER EXPENSES

(Rs. in Crore)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Production consumables	0.55	0.28
Repairs and maintenance		
Plant and machinery	0.53	7.61
Others	0.55	0.84
Stamp Duty	0.00	0.54
Application and license fees	0.36	0.40
Rent	0.05	0.03
Filing fees	0.00	0.01
Rates and taxes	0.01	0.00
Insurance	4.29	3.47
Travelling and conveyance	0.18	0.14
Legal and professional fees	3.27	1.58
Payments to Auditors (including GST)		
As auditor	0.07	0.07
Directors' Fee	0.03	0.03
Miscellaneous expenses	0.25	0.18
Social Welfare and Community Development	0.74	0.15
	10.89	15.36

NOTE: 26

EXCEPTIONAL ITEMS/ IND AS ADJUSTMENT

(Rs. in Crore)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Reversal of advances	1.02	-
Balance written back	(6.56)	
Written off Inter corporate deposits ICD	29.02	-
Fair Value Gain on Restructuring Loan liability	-	(67.64)
	23.48	(67.64)

NOTE: 27

TAX EXPENSE

(a) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

(Rs. in Crore)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Accounting profit / (loss) before tax	56.15	126.85
Tax at the Indian statutory tax rate	14.13	31.93
Fair Value Gain on Restructuring	2.10	(17.05)
'Deferred Tax recognised on other temporary items (Net)	2.60	41.57
Tax expenses recognised in the statement of profit and loss	18.84	56.44

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Essar Transco Limited

ESSAR TRANSCO LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

Deferred tax charge / (credit) recognised in statement of profit and loss

(Rs. in Crore)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Property, plant and equipment	15.84	83.67
Intangible assets	(0.32)	0.19
Unabsorbed deprication	5.41	(46.57)
Employee benefit expenses	0.01	0.00
Interest Payable	-	3.12
FV Gain on Restructuring	(2.10)	17.03
Unamortised Fees (Curr & Non Current)	-	(1.00)
	18.84	**56.44**

NOTE: 28
CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

	As at March 31, 2022	As at March 31, 2021
i. **Contingent liabilities**		
Entry Tax Liability not provided as material not purchased during the course of business	5.90	-

The Company is having Right of Way (ROW) legal cases for additional compensation demanded by farmers pending in Civil Court for Gandhar-Hazira and Mahan site. The amount of final liability, if any, will be ascertained at the time of resolution of matters pending in various district courts.

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

S S KOTHARI MEHTA
& CO. LLP
CHARTERED ACCOUNTANTS

To
The Board of Directors
Essar Transco Limited

1. We, S S Kothari Mehta and Co LLP, Chartered Accountants, Statutory Auditor of **Essar Transco Limited Company Limited** herein after referred to as ("the Company") have examined the books of accounts and other relevant records, having its registered office at Shop no 2 and 3 at Jalsa Complex, Plot no 175/1, 175/1Kha, 175/5, Village Tali (Waidhan), District Singruali, Madhxya Pradesh-486886.

2. We have been requested by the management of the Company to review the Split Financial Statements of Erstwhile Stage-II of Essar Power Transmission Company Limited (herein after refer to as Split Financials) prepared as on 31st March 2023 by the Company which comprises the Balance Sheet as at March 31, 2023 and statement of Profit and Loss for year ended on March 31, 2023 along with the notes to the financial statements and the basis of allocation (as per Annexure-I) in which some items are management represented.

3. The split financial statements which is based on audited financial statements of Erstwhile Essar Power Transmission Company Limited for the Financial Year 2022-23 have been prepared by the Company's management in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) for determination of Tariff.

Management's Responsibility for the Statement

4. The preparation of the Statement is the responsibility of the Management of Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Return and applying an appropriate basis of preparation.

5. The Management is also responsible for ensuring that the Company complies with the requirements of the Rules and the provisions of the relevant Act applicable to the Company and that it provides complete and accurate information as required therein.

6. The Management is also responsible for furnishing the financial information, audited account, representation and other records contained in the said split financial.

Auditor's Responsibility

7. Our responsibility, for the purpose of this review report, is limited to reviewing the particulars contained in the statement on the basis of financial information, audited account, representation, other records information & explanations and the basis of allocation provided by the Company.

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

S S KOTHARI MEHTA
& CO. LLP
CHARTERED ACCOUNTANTS

8. We conducted our examination required to be furnished in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

9. We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality control for firms that perform audits and review of historical financial information, other assurance and related services engagements.

Conclusion

10. Based on the procedures performed by us and according to the information and explanation given to us by the management of the Company, we have reviewed the split financials which is based on the audited financial statements of Erstwhile Essar Power Transmission Company Limited for the financial year 2022-23 prepared by the Company's management for determination of Tariff in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) which comprises the Balance Sheet as at March 31, 2023 and statement of Profit and Loss for year ended on March 31, 2023 along with the notes to the financial statements and the basis of allocation (as per Annexure-I) in which some items are management represented.

Restriction on use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Rules. Our obligations in respect of this review report are entirely separate from, and our responsibility and liability are in no way changed by any other role we may have (or may have had) as reviewers of the Company or otherwise. Nothing in this review report, nor anything said or done in the course of or in connection with the services that are the subject of this review report, will extend any duty of care we may have in our capacity as reviewers of the Company.

12. This review report is addressed and provided to the Board of Directors of Essar Transco Limited and should not be used by any other person or for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this review report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

(Neeraj Bansal)
Partner
Membership No. 095960

Place: Delhi
Date: 19-11-2024
UDIN: 24095960BKFAKI4755

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

Annexure-I

Head	Sub-head	Basis of Allocation
Non-current asset	Property, plant and equipment	Property, plant and equipment considered on identification basis except Laptops & Desktops which have been allocated on no of employees considered in each stage.
	Intangible assets	Considered on Identification basis
Inventory	Stores & spares	Considered on Identification basis
Financial Asset (C)	Trade Receivables	Bifurcated on the basis of reconciliation with and confirmation by PGCIL
	Cash & Cash Equivalents (CCE)- 1. Current accounts 2. Fixed Deposits	CCE as on 31st March 2022 has been considered based on the understanding with the prospective buyer for Stage-II. Closing balance as at 31st March 2023 has been allocated based on the ratio of CCE as on 31st March 2022.
	Bank balances other than CCE 1 Fixed Deposits 2. Deposits in Debt Service Reserve Accounts (DSRA)	Fixed Deposits as on 31st March 2022 has been considered based on the understanding with the prospective buyer of Stage-II. Closing balance as at 31st March 2023 has been allocated based on the ratio of CCE as on 31st March 2022. DSRA as at 31st March 2022 has been allocated based on borrowings. DSRA as at 31st March 2023 for Stage-I has been kept at same level as that of March 2022. DSRA as at 31st March 2023 for Stage-II has been adjusted for short fall in receipt of revenue for Stage-II.
	Security Deposit	1. Identifiable - Considered on identification basis 2. Common - Deposit given to a lender - on the basis of project cost
	Other financial Assets - 1. Interest accrued on Bank deposit 2. Balance with Govt authorities	1. Interest accrued on bank deposits allocated on the basis of ratio of Closing balance of DSRA 2. Balance with Govt authorities directly identified for Stage-II
Other current asset	1. Prepaid expenses 2. Other advances	Considered on Identification basis
Reseves & Surplus	Reserves & Surplus	1. Reserves & Surplus till September' 2018, i.e. before capitalization of Stage-II considered in Stage-I. 2. Thereafter till FY 2021-22, the same has been derived as under :- a Reduced by depreciation on specific identification basis b Reduced by finance cost allocated in ratio of borrowings c Adjusted by exceptional items and taxes allocated in tariff ratio/Loan Ratio as applicable d Other Comprehensive Income as been allocated in Manpower cost ratio

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Essar Transco Limited

		3. For FY ended March'2023, considered on the basis of profit and loss statement derived from split financials prepared for this period.
Head Office Account	Head Ofiice	Head office account is the balancing figure between total assets, total liabilities and other equity.
Financial liabilities	Borrowings	Allocated in the ratio of project cost
	Provisions	Allocated in manpower cost ratio
Deferred tax (Liabilities) -	Intangible assets	Considered on identification basis
	FV Gain on Restructuring liability	Allocated in the ratio of borrowings
	Provision for Employee Benefits	Allocated in manpower cost ratio
	Unabsorbed depreciation	Unabsorbed Depreciation till 31st March 2018 i.e. upto the year of capitalization of Stage-II has been considered in Stage-I. Thereafter The unabsorbed depreciation of the Company has been allocated in the ratio of Total Assets (excluding deferred tax assets, if any) as per books of accounts. After commencement of all the stages, unabsorbed Depreciation has been utilised on First in First out (FIFO) method on the basis of year of occurrence of unabsorbed depreciation.
	Differences in depreciation in book value of PPE as per tax book & financial books	Considered on identification basis
Trade payables	MSME & Others	1. Directly Identifiable - Considered on actual basis 2. Employee related - Allocated on the basis of Manpower cost ratio 3. Common - Allocated on the basis of Tariff ratio
Borrowings	Borrowings	Allocated in the ratio of project cost
Other financial liability	Capital creditors – Others	It is related to a party directly identifiable for Stage-II
Other current liability	Advance from customers	Considered on identification basis
	Other payables	It is related to staff cost, hence allocated on the basis of manpower cost ratio
Revenue from Operations	Revenue from Transmission charges	1. Actual Billing - On directly Identification basis 2. Income except billing (surcharge & premium and Reconciliation with PGCIL) allocated on the basis of tariff ratio
Other income	Interest income on FD	Allocated on the basis of project cost
	Excess provision/ credit balance written back	Considered on Identification basis

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

Employee benefit expenses	Salaries and wages	Allocated in manpower cost ratio as computed after segregation of employees in each stage
	Contribution to provident and other fund	
	Gratuity	
	Compensation for employees stock appreciation rights	
	Staff welfare expenses	
Finance cost	Interest	Allocated in the ratio of borrowings.
	Other borrowing costs	
	Amortisation of NPV gain on Restructuring of Loan Liability	
Depreciation & Amortisation	Depreciation & Amortization	Considered on Identification basis
Other expenses	Production consumables	Allocated on inventory holding basis
	(R&M) - Plant and machinery	Considered on Identification basis on the basis of work order and PO
	(RM) - Others	
	Stamp Duty	Allocated on the basis of Tariff ratio
	Application and license fees	1. CERC fees - Directly identifiable as it is related to tariff petition for Stage-II, hence taken in Stage-II. 2. Remaining allocated in Tariff ratio
	Rent	1. Directly identifiable - On actual basis
	Filing fees	Allocated on the basis of Tariff ratio
	Rates and taxes	Allocated on the basis of Tariff ratio
	Insurance	1. Directly identifiable - On actual basis 2. Employee related - Allocated on Manpower cost ratio
	Travelling and conveyance	Allocated on manpower cost ratio
	Legal and professional fees	1. Directly identifiable - On actual basis 2. Common - Related to borrowing has been allocated in borrowing ratio and others in tariff ratio
	Security Expenses	Considered on Identification basis
	Payment to Auditor	Allocated on the basis of Tariff ratio
	Sundry balance w/off	1. Directly identifiable - On actual basis 2. Common - Related to borrowing has been allocated in borrowing ratio and others in tariff ratio
	Directors' Fee	Allocated on the basis of Tariff ratio
	Miscellaneous expenses	Allocated on the basis of Tariff ratio
	Social Welfare and Community Development	Allocated on the basis of Tariff ratio

S S KOTHARI MEHTA & CO. LLP ★ NEW DELHI ★ Chartered Accountants

Essar Transco Limited ★

Tax Expense	Deferred tax (credit)/expense	Based on the working of deferred tax assets and liability
OCI	Remeasurement of the defined benefit plans	Bifurcated in manpower cost ratio
	Income tax effect	Bifurcated in manpower cost ratio

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
BALANCE SHEET AS AT MARCH 31, 2023

	Note no.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,502.79	1,605.76
Intangible assets	4	15.86	18.08
		1,518.65	1,624.84
Current assets			
Inventories	6	2.14	1.94
Financial assets:			
Trade receivables	7	292.21	75.42
Cash and cash equivalents	8	23.20	52.67
Bank balances other than cash and cash equivalents	9	42.56	113.72
Security deposits	10	0.13	0.18
Other financial assets	11	1.55	5.20
Other current assets	12	0.18	0.83
		361.96	249.96
		1,880.61	1,874.79
EQUITY AND LIABILITIES			
EQUITY			
Reserves and surplus	13	286.20	187.19
Head office account		477.18	528.14
		763.40	715.33
LIABILITIES			
Non-current liabilities			
Financial liabilities:			
Borrowings	14	944.54	1,022.24
Provisions	15	0.12	0.02
Deferred tax (assets)/ liabilities (net)	5	84.32	48.34
		1,028.98	1,070.60
Current Liabilities			
Trade payables:			
Total Outstanding dues of micro enterprises and small enterprises	16	0.03	0.14
Others	16	0.58	2.10
Borrowings	17	77.09	76.25
Other financial liabilities	18	10.17	10.17
Other current liabilities	19	0.37	0.20
		88.24	88.87
		1,880.60	1,874.78

Note no 1 and 2 for Significant Accounting policies and basis of allocation for Split Financial Statement and accompanying notes are integral part of financial statements.

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

Neeraj Bansal
Partner
Membership No:095960
Place:New Delhi
Date: 19-11-2024

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Kirti Thakkar
CFO
Place:Mumbai

Date: 19-11-2024

For and on behalf of the Board of Directors

Atul Singh Raghav
Director
Din: 09756298
Place:Ahmedabad
Date: 19-11-2024

Unnat Prakash
Director
Din: 09753855
Place:Ahmedabad
Date: 19-11-2024

Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

	Note no.	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from operations	20	355.25	344.84
Other income	21	4.79	4.19
Total Income		360.04	349.04
EXPENSES			
Employee benefit expenses	22	2.33	2.24
Finance costs	23	133.67	149.75
Depreciation and amortisation	3&4	106.48	106.53
Other expenses	24	12.89	10.89
Total expenses		255.37	269.41
Profit/(loss) before exceptional items and tax		104.67	79.63
Exceptional items	25	-	23.48
Profit/(loss) for the period		104.67	56.14
Deferred tax (credit) / expenses	26	5.59	18.84
Profit (Loss) for the period from continuing operations		99.08	37.31
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(0.08)	(0.00)
Income tax effect		0.02	0.00
Other comprehensive income for the year, net of tax		(0.05)	(0.00)
Total comprehensive income for the year, net of tax		99.03	37.31

Note no 1 and 2 for Significant Accounting policies and basis of allocation for Split Financial Statement and accompanying notes are integral part of financial statements.

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Neeraj Bansal
Partner
Membership No:095960
Place:New Delhi
Date: 19-11-2024

Kirti Thakkar
CFO
Place:Mumbai

Date: 19-11-2024

For and on behalf of the Board of Directors

Atul Singh Raghav
Director
Din: 09756298
Place:Ahmedabad
Date: 19-11-2024

Essar Transco Limited

Unnat Prakash
Director
Din: 09753855
Place:Ahmedabad
Date: 19-11-2024

Essar Transco Limited

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2023

Notes

CORPORATE INFORMATION

Essar Transco Limited (the "Company" "ETL") is a public company incorporated in the year 2022 and domiciled in India. The registered office of the Company is located at Shop no 2 and 3 at Jalsa Complex, Plot no 175/1, 175/1 Kha, 175/5, Village Tali (Waidhan), District Singruali, Waidhan, Sidhi, Singrauli Colliery, Madhya Pradesh, India, 486886. The Company is in business of transmission of electricity. Central Electricity Regulatory Commission has issued Transmission License for 25 years to the Company to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission assets.

1.1 Basis of preparation

(i) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provision of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except certain financial instruments which has been measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

1.2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues and expenses during the period and assets, liabilities and the disclosure of contingent liabilities at the date of financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company has prepared its financial statements based on assumptions and estimates on parameters available at that time. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

1.3 Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in "Indian Rupees" (INR), which is also the Company's functional currency. All values are rounded to the nearest Crore (INR 00,00,000), except when otherwise indicated.

(ii) Transaction and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

1.4 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which The Company expects to be entitled in exchange for those goods or services.

(i) Revenue from transmission charges

The Company as per the prevalent tariff regulations is required to recover its Annual Revenue Requirement ('ARR') comprising of expenditure on account of operations and maintenance expenses, financing costs, taxes and assured return on regulator approved equity with additional incentive for operational efficiencies. Any surplus/shortfall in the recovery is accounted as revenue based on the final tariff orders by the regulatory authority.

Accordingly, the revenue from power transmission services is recognised over time based on the transmission asset availabilities and the tariff charges approved under the respective tariff orders and includes unbilled revenues accrued up to the end of the accounting period.

(ii) Interest and dividend income

Interest income is recorded using the effective interest rate (EIR) for all debt instruments measured either at amortised cost or at fair value through other comprehensive income. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend

1.5 Borrowing costs

Borrowing costs attributable to the acquisition and construction of the qualifying assets are capitalised as part of the cost of such assets up to the date when such asset is ready for its intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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1.6 **(i) Short-term employee benefits**
The undiscounted amount of short-term employee benefits expected to be paid with in twelve months in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits includes salaries, allowances and bonuses etc., compensated absences such as paid annual leave and performance incentives.

(ii) Long-term employee benefits
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

(iii) Post-employment benefit plans
Contribution to defined contribution plans such as provident fund, are recognised as expense in the statement of profit and loss or expenditure during construction period, as applicable, when employees have rendered services entitling them to contributions.

The Group operates a defined benefit gratuity plan in India. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

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

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss or expenditure during construction period, as applicable,

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

Net interest expenses or income is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets.

The employee benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the related plan assets. Any asset resulting from this calculation is limited to the reductions in future contributions to the plan.

1.7 **Income tax**
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charges is calculated on the basis of the tax laws enacted at the end of the reporting period in India. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current tax and liabilities are offset when there is a legally enforceable right to set off recognised amount and hence is an intention to settle the assets and the liability on the net basis.

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

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

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.8 **Property, plant and equipment (PPE)**
Freehold land is carried at historical cost and other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing costs and all other applicable expenses incurred to bring the assets to its present location and condition. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss or expenditure during construction period, as applicable.
All the expenditure during construction period (net of income) attributable to construction/acquisition of fixed assets are shown as capital work in progress until the relevant assets are ready for its intended use. When a major inspection or major maintenance is undertaken, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss during the reporting period in which they are incurred.

Transmission system assets are considered when they are "Ready for intended use" for the purpose of capitalisation, after test charging /successful commissioning of the system/ assets and on completion of stabilisation period.
An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.
The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted if appropriate.

Depreciation is provided as per straight line method (SLM) at the rates and in the manner specified in Central Electricity Regulatory Commission (CERC) Tariff Regulations Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions, as the case may be.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and capital work in progress recognised as at April 1, 2015 measured as per the previous GAAP i.e. Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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1.9 Intangible Assets

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over the best estimate of their useful lives. Amount paid for acquiring Right of Way (ROW) of laying transmission lines are accounted as intangible assets.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortised at the rate and in the manner specified in Central Electricity Regulatory Commission (CERC) Tariff Regulations except for capitalised software cost, which is equally amortised over a period of five years. Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions, as the case may be.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015 measured as per the previous GAAP i.e. Indian GAAP and use that carrying value as the deemed cost of the intangible assets

1.10 Impairment of non financial Assets

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised in the statement of profit and loss when the carrying amount of an asset exceeds its estimated recoverable amount. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

1.11 Inventories

Inventories are valued at lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost formula.

1.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, that can reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are not recognised but disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

1.13 Financial instruments

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

(i) Financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent Solely Payment of Principal and Interest (SPPI) are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payment of principal and interest (SPPI), are measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gain and losses which are recognised in profit and loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit and loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Debt instruments included within the FVPL category are measured at fair value with all changes recognized in the statement in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVPL. For all other equity instruments, the Company may classify the same either as at FVOCI or FVPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments which are classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Losses" (ECL) at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit or loss. This amount is reflected in a separate line in the profit or loss as an impairment gain or loss.

(ii) Financial liabilities
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and trade and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss:
Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. For liabilities designated as FVPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortized cost
Financial liabilities classified and measured at amortised such as loans and borrowings, trade and other payable are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts
The Company provides certain guarantees in respect of the indebtedness of group company undertakings, claims under contract and other arrangements in the ordinary course of business. The Company evaluates each arrangement to determine whether it is an insurance or a financial guarantee contract. Once the arrangements are designated as insurance contracts, these are disclosed as contingent liabilities unless the obligations under guarantee become probable. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the obligation under the contract and the amount initially recognised less cumulative amortisation over period of guarantee is provided.

De-recognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss

1.14 Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with banks with original maturity of less than three months and short-term highly liquid investments, that are readily convertible into cash and which are subject to an insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

1.15 Earnings per share
Basic earnings per share are computed by dividing the profit / (loss) attributable to equity share holders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the profit / (loss) for the year after deducting preference dividends and attributable taxes attributable to equity shareholders. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit / (loss) for the year are adjusted for the effects of changes in income, expenses, tax and dividends that would have occurred had the dilutive potential equity shares been converted into equity shares. Such adjustments after taking account of tax include preference dividends or other items related to convertible preference shares, interest on convertible debt and any other changes in income or expense that would result from the conversion of dilutive potential ordinary shares. The weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

1.16 Investment in joint ventures
Investment in joint ventures are recognised at cost as per para 10(a) of Ind As 27. Except where investments accounted for at cost shall be accounted for in accordance with the IND AS 105, Non-Current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

2 Basis of Preparation of Split Financial Statements
The accompanying Balance sheet and Statement of Profit and Loss including the related schedule and notes forming part of the Company as at and for the year ended 31 March 2023 has been prepared by the Company's management in compliance with applicable regulations notified by Central Electricity Regulatory Commission (CERC) for determination of Tariff.

The split financials statements have been prepared by virtue of the Scheme of Arrangement for the Demerger (the "Demerger Scheme") under which all assets and liabilities, including existing loans and borrowings, pertaining to the 'Stage-II' Transmission Undertakings shall stand transferred and assigned to Essar Transco Limited ("ETL") w.e.f 1st April 2023 (Appointed Date).

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2.1 Definition of Terms

The Stage II transmission undertaking of Erstwhile Essar Power Transmission Company Limited which consists of Mahan-Sipat Line has been assigned to ETL and the Stage I with the remaining business consists of Gandhar- Hazira Line.

2.2 Basis of preparation of split financials statements

Head	Sub-head	Basis of Allocation
Non-current asset	Property, plant and equipment	Property, plant and equipment considered on identification basis except Laptops & Desktops which have been allocated on no of employees considered in each stage.
	Intangible assets	Considered on Identification basis
Inventory	Stores & spares	Considered on identification basis
Financial Asset (C)	Trade Receivables	Bifurcated on the basis of reconciliation with and confirmation by PGCIL
	Cash & Cash Equivalents (CCE)- 1. Current accounts 2. Fixed Deposits	CCE as on 31st March 2022 has been considered based on the understanding with the prospective buyer for Stage-II. Closing balance as at 31st March 2023 has been allocated based on the ratio of CCE as on 31st March 2022.
	Bank balances other than CCE 1 Fixed Deposits 2 Deposits in Debt Service Reserve Accounts (DSRA)	Fixed Deposits as on 31st March 2022 has been considered based on the understanding with the prospective buyer of Stage-II. Closing balance as at 31st March 2023 has been allocated based on the ratio of CCE as on 31st March 2022. DSRA as at 31st March 2022 has been allocated based on borrowings. DSRA as at 31st March 2023 for Stage-I has been kept at same level as that of March 2022. DSRA as at 31st March 2023 for Stage-II has been adjusted for short fall in receipt of revenue for Stage-II.
	Security Deposit	1. Identifiable - Considered on identification basis 2. Common - Deposit given to a lender - on the basis of project cost
	Other financial Assets - 1. Interest accrued on Bank deposit 2. Balance with Govt authorities	1. Interest accrued on bank deposits allocated on the basis of ratio of Closing balance of DSRA 2. Balance with Govt authorities directly identified for Stage-II
Other current asset	1. Prepaid expenses 2. Other advances	Considered on Identification basis
Reseves & Surplus	Reserves & Surplus	1. Reserves & Surplus till September' 2018, i.e. before capitalization of Stage-II considered in Stage-I. 2. Thereafter till FY 2021-22, the same has been derived as under :- a Reduced by depreciation on specific identification basis b Reduced by finance cost allocated in ratio of borrowings c Adjusted by exceptional items and taxes allocated in tariff ratio/Loan Ratio as applicable d Other Comprehensive Income as been allocated in Manpower cost ratio 3. For FY ended March'2023, considered on the basis of profit and loss statement derived from split financials prepared for this period.
Head Office Account	Head Office	Head office account is the balancing figure between total assets, total liabilities and other equity.
Financial liabilities	Borrowings	Allocated in the ratio of project cost
	Provisions	Allocated in manpower cost ratio
Deferred tax (Liabilities) -	Intangible assets	Considered on identification basis
	FV Gain on Restructuring liability	Allocated in the ratio of borrowings
	Provision for Employee Benefits	Allocated in manpower cost ratio
	Unabsorbed depreciation	Unabsorbed Depreciation till 31st March 2018 i.e. upto the year of capitalization of Stage-II has been considered in Stage-I. Thereafter The unabsorbed depreciation of the Company has been allocated in the ratio of Total Assets (excluding deferred tax assets, if any) as per books of accounts. After commencement of all the stages, unabsorbed Depreciation has been utilised on First in First out (FIFO) method on the basis of year of occurrence of unabsorbed depreciation.
	Differences in depreciation in book value of PPE as per tax book & financial books	Considered on identification basis
Trade payables	MSME & Others	1. Directly Identifiable - Considered on actual basis 2. Employee related - Allocated on the basis of Manpower cost ratio 3. Common - Allocated on the basis of Tariff ratio
Borrowings	Borrowings	Allocated in the ratio of project cost
Other financial liability	Capital creditors - Others	It is related to a party directly identifiable for Stage-II
Other current liability	Advance from customers	Considered on identification basis
	Other payables	It is related to staff cost, hence allocated on the basis of manpower cost ratio

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Revenue from Operations	Revenue from Transmission charges	1 Actual Billing - On directly Identification basis 2. Income except billing (surcharge & premium and Reconciliation with PGCIL) allocated on the basis of tariff ratio
Other income	Interest income on FD	Allocated on the basis of project cost
	Excess provision/ credit balance written back	Considered on Identification basis
Employee benefit expenses	Salaries and wages	Allocated in manpower cost ratio as computed after segregation of employees in each stage
	Contribution to provident and other fund	
	Gratuity	
	Compensation for employees stock appreciation rights	
	Staff welfare expenses	
Finance cost	Interest	Allocated in the ratio of borrowings.
	Other borrowing costs	
	Amortisation of NPV gain on Restructuring of Loan Liability	
Depreciation & Amortisation	Depreciation & Amortization	Considered on Identification basis
Other expenses	Production consumables	Allocated on inventory holding basis
	(R&M) - Plant and machinery	Considered on Identification basis on the basis of work order and PO
	(RM) - Others	
	Stamp Duty	Allocated on the basis of Tariff ratio
	Application and license fees	1. CERC fees - Directly identifiable as it is related to tariff petition for Stage-II, hence taken in Stage-II. 2. Remaining allocated in Tariff ratio
	Rent	1. Directly identifiable - On actual basis
	Filing fees	Allocated on the basis of Tariff ratio
	Rates and taxes	Allocated on the basis of Tariff ratio
	Insurance	1. Directly identifiable - On actual basis 2. Employee related - Allocated on Manpower cost ratio
	Travelling and conveyance	Allocated on manpower cost ratio
	Legal and professional fees	1. Directly identifiable - On actual basis 2. Common - Related to borrowing has been allocated in borrowing ratio and others in tariff ratio
	Security Expenses	Considered on Identification basis
	Payment to Auditor	Allocated on the basis of Tariff ratio
	Sundry balance w/off	1. Directly identifiable - On actual basis 2. Common - Related to borrowing has been allocated in borrowing ratio and others in tariff ratio
	Directors' Fee	Allocated on the basis of Tariff ratio
	Miscellaneous expenses	Allocated on the basis of Tariff ratio
	Social Welfare and Community Development	Allocated on the basis of Tariff ratio
Tax Expense	Deferred tax (credit)/expense	Based on the working of deferred tax assets and liability
OCI	Remeasurement of the defined benefit plans	Bifurcated in manpower cost ratio
	Income tax effect	Bifurcated in manpower cost ratio

ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2023

NOTE: 3
PROPERTY, PLANT AND EQUIPMENT

(Rs. in Crore)

Description of the assets	Gross block			Depreciation			Net block	
	Balance as at April 1, 2022	Additions during the year	Balance as at March 31, 2023	Balance as at April 1, 2022	For the year	Balance as at March 31, 2023	Balance as at March 31, 2023	Balance as at March 31, 2022
Plant and Machinery								
Transmission line	1,973.90	0.03	1,973.93	366.97	104.23	471.20	1,502.73	1,606.81
Furniture and fixtures	0.01	-	0.01	0.01	0.00	0.01	0.00	0.00
Computers	0.07	0.04	0.10	0.02	0.02	0.04	0.06	0.05
Total	**1,973.98**	**0.07**	**1,974.04**	**367.00**	**104.25**	**471.25**	**1,502.79**	**1,606.85**

NOTE: 4
INTANGIBLE ASSETS

(Rs. in Crore)

Description of the assets	Gross block			Amortisation			Net block	
	Balance as at April 1, 2022	Additions during the year	Balance as at September 30, 2022	Balance as at April 1, 2022	For the year	Balance as at March 31, 2023	Balance as at March 31, 2023	Balance as at March 31, 2022
Right of way	37.77	-	37.77	19.69	2.22	21.91	15.86	18.08
Total	**37.77**	**-**	**37.77**	**19.69**	**2.22**	**21.91**	**15.86**	**18.08**

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NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2023

NOTE: 5

DEFERRED TAX ASSETS / LIABILITY (NET)

	As at March 31, 2023	As at March 31, 2022
Deferred tax asset		
Unabsorbed depreciation	86.84	125.97
Provision for employee benefits	0.03	0.01
Gross deferred tax asset	**86.87**	**125.98**
Differences in depreciation in block of fixed assets as per tax books and financial	149.94	155.58
Intangible assets	8.18	3.82
Fair valuation of financial assets	13.06	14.92
Gross deferred tax liability	**171.19**	**174.32**
Net deferred tax asset/ liability	**84.32**	**48.34**

NOTE: 6

INVENTORIES

	As at March 31, 2023	As at March 31, 2022
Stores and spares	2.14	1.94
	2.14	**1.94**

NOTE: 7

TRADE RECEIVABLES

	As at March 31, 2023	As at March 31, 2022
Trade receivables		
Undisputed Trade receivables - Considered good	292.21	75.42
	292.21	**75.42**

NOTE: 8

CASH AND CASH EQUIVALENTS

	As at March 31, 2023	As at March 31, 2022
Balances with banks in		
Current accounts	8.19	37.96
Fixed deposits	15.01	14.71
	23.20	**52.67**

NOTE: 9

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2023	As at March 31, 2022
Balances with banks:		
Margin deposits	-	0.01
Fixed deposits	0.86	-
Deposit in Debt service reserve account (DSRA)	41.70	113.71
	42.56	**113.72**

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ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2023

NOTE: 10
SECURITY DEPOSITS

	As at March 31, 2023	As at March 31, 2022
Security deposits	0.13	0.18
	0.13	**0.18**

NOTE: 11
OTHER FINANCIAL ASSETS

	As at March 31, 2023	As at March 31, 2022
Interest accrued on bank deposit	0.27	3.92
Deposit with government authority	1.28	1.28
	1.55	**5.20**

NOTE: 12
OTHER CURRENT ASSETS

	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	0.12	0.12
Other advances	0.06	0.71
	0.18	**0.83**

NOTE: 13
RESERVES AND SURPLUS

	As at March 31, 2023	As at March 31, 2022
Retained earnings	187.19	149.88
Add/ (Less):		
During the year	99.02	37.31
	286.20	**187.19**

NOTE: 14
BORROWINGS

	As at March 31, 2023	As at March 31, 2022
Secured		
From banks	55.16	60.59
From others	937.64	1,016.73
	992.80	1,077.32
Less: Unamortised upfront fee	(2.93)	(3.19)
Less Fair Value Gain on Restructuring Loan liability	(45.33)	(51.89)
	944.54	**1,022.24**

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ESSAR TRANSCO LIMITED (ERSTWHILE STAGE-II OF ESSAR POWER TRANSMISSION COMPANY LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2023

NOTE: 15
PROVISIONS

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Gratuity	0.11	0.01
Compensated absences	0.01	0.01
	0.12	**0.02**

NOTE: 16
TRADE PAYABLES

	As at March 31, 2023	As at March 31, 2022
Acceptances		
Total outstanding of micro and small enterprises	0.03	0.14
Others	0.58	2.10
	0.62	**2.24**

NOTE: 17
BORROWINGS

	As at March 31, 2023	As at March 31, 2022
Current maturities of long term borrowings	83.91	83.91
Less: Unamortised upfront fee	(0.26)	(0.26)
Less Fair Value Gain on Restructuring Loan liability	(6.56)	(7.40)
	77.09	76.25
Lease Liability	-	-
	77.09	**76.25**

NOTE: 18
OTHER FINANCIAL LIABILITIES

	As at March 31, 2023	As at March 31, 2022
Capital creditors		
Others	10.17	10.17
	10.17	**10.17**

NOTE: 19
OTHER CURRENT LIABILITIES

	As at March 31, 2023	As at March 31, 2022
Advance from customers	0.35	-
Other payables	0.02	0.20
	0.37	**0.20**

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NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2023

NOTE: 20
REVENUE FROM OPERATIONS

	For the year March 31, 2023	For the year March 31, 2022
Revenue from transmission charges	353.27	344.84
Income in respect of service rendered	1.98	-
	355.25	**344.84**

NOTE: 21
OTHER INCOME

	For the year March 31, 2023	For the year March 31, 2022
Interest income	3.63	2.94
Excess provision/ Credit balance written back	1.16	1.25
	4.79	**4.19**

NOTE: 22
EMPLOYEE BENEFIT EXPENSES

	For the year March 31, 2023	For the year March 31, 2022
Salaries and wages	2.14	2.08
Contribution to provident and other fund	0.08	0.08
Gratuity	0.03	0.03
Staff welfare expenses	0.08	0.06
	2.33	**2.24**

NOTE: 23
FINANCE COSTS

	For the year March 31, 2023	For the year March 31, 2022
Interest	126.01	141.14
Other borrowing costs	0.26	0.26
Amortisation of NPV gain on Restructuring of Loan Liability	7.40	8.35
	133.67	**149.75**

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NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2023

NOTE: 24

OTHER EXPENSES

	For the year March 31, 2023	For the year March 31, 2022
Production consumables	0.68	0.55
Repairs and maintenance		
Plant and machinery	2.73	0.53
Others	1.34	0.55
Application and license fees	1.79	0.36
Rent	0.06	0.05
Filing fees	0.00	0.00
Rates and taxes	0.01	0.01
Insurance	0.15	4.29
Travelling and conveyance	0.26	0.18
Legal and professional fees	4.29	3.27
Payments to Auditors (including GST)		
As auditor	0.11	0.07
For Certification Fees	0.00	-
For other services	0.03	-
Sundry balance written off (net)	0.19	-
Directors' Fee	0.03	0.03
Social Welfare and Community Development	0.88	0.74
Miscellaneous expenses	0.33	0.25
	12.89	10.89

NOTE: 25

EXCEPTIONAL ITEMS/ IND AS ADJUSTMENT

	For the year March 31, 2023	For the year March 31, 2022
Reversal of advances	-	1.02
Balance written back	-	(6.56)
Written off Inter corporate deposits ICD	-	29.02
	-	23.48

NOTE: 26

TAX EXPENSE

(a) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

	For the year March 31, 2023	For the year March 31, 2022
Accounting profit / (loss) before tax	**104.66**	56.15
Tax at the Indian statutory tax rate	**26.34**	14.13
Fair Value Gain on Restructuring	**(1.86)**	2.10
Deferred Tax recognised on other temporary items (Net)	**(18.89)**	2.60
Tax expenses recognised in the statement of profit and loss	5.59	18.84

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NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2023

Deferred tax charge / (credit) recognised in statement of profit and loss

	For the year March 31, 2023	For the year March 31, 2022
Property, plant and equipment	8.39	15.84
Intangible assets	(0.92)	(0.32)
Unabsorbed deprication	(0.00)	5.41
Employee benefit expenses	(0.03)	0.01
FV Gain on Restructuring	(1.86)	(2.10)
	5.59	**18.84**

NOTE: 31

CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

(to the extent not provided for)

	As at March 31, 2023	As at March 31, 2022
i. Contingent liabilities		
Entry Tax Liability not provided as material not purchased during the course of	5.90	5.90

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Independent Auditors' Report
To the Members of ESSAR TRANSCO LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **ESSAR TRANSCO LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the material accounting policies and other explanatory information (herein after referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the financial position of the Company as at 31st March, 2024 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section143 (10) of the Act. 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 Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 50 in relation to financial statement which describes the basis of preparation of these financial statement. These financial statements have been prepared as per Scheme of Arrangement (the Scheme) amongst the Essar Power Transmission Company Limited (EPTCL) and Essar Transco Limited (ETL), filed with the Hon'ble National Company Law Tribunal, Indore Bench ("NCLT"),the scheme have been approved on 15th February,2024 with the appointed date as 1st April,2023 and the company has received certified copy of final order dated 15th February,2024.

The financial statements for the period 31st March 2024 have been prepared pursuant to the Scheme. In accordance with Ind As 103 "Business Combination" the merger has been given effect as if it has occurred from the beginning of the preceding period (i.e. 1st April 2023) in the financial statements after restating the comparative figures.

We draw attention to Note 7 of the financial statements regarding out of total outstanding of Rs. 241.12 Crores as on 31st March 2024, the amount of Rs. 215.24 Crores is outstanding as the CTUIL has deducted

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Based on the records, information and explanation provided, we have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgment and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

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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 control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

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

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

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

Other Matters

The financial information pertaining to the Company regarding the previous year 31st March 2023 figures is based on audited financials of FY 2022-23 which has been allocated by the Company between 'Company after giving effect to Demerger' i.e. CAD and 'Business transferred to Resulting Company' i.e. BTRC as per the scheme of arrangement between Essar Power Transmission Company Limited (EPTCL) and Essar Transco Limited (ETL). The Company wherever possible has identified the assets and liabilities specifically pertaining to each stage. The items which cannot be identified specifically and that are common has been allocated on a logical basis.

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Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure – A" statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

   c. The Balance Sheet, Statement of Profit and Loss, Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

   e. On the basis of written representations received from the directors as on 31 March 2024, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024, from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - B

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      As per the information and explanation given to us and on the basis of our examination of the records, the company has paid or provided managerial remuneration as per the requirement of section 197 of the Act read with schedule V of the act.

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

      (i) The company has disclosed the impact of pending litigation in its Ind-AS financial statement. Refer Note No. 29 of the financial statement.

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(ii) The Company did not have any long-term contract and in case of derivative contracts, there is no material foreseeable losses.

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

(iv) a) On the basis of the representation from the management no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) On the basis of the representation from the management no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e), as provided under (a) and (b) above, contain any material misstatement.

(v) The company has not Declared or paid any dividend during the year.

(vi) Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software *except that audit trail feature is not enabled for direct changes to data at Database Management System (DBMS) level when using certain access rights.* Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

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As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For **S S KOTHARI MEHTA & CO. LLP**
Chartered Accountants
Firm Registration No. 000756N/ N500441

(Neeraj Bansal)
Partner
Membership No. 095960

Place: New Delhi
Date: 07-08-2024
UDIN: 24095960BKFADF3599

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ANNEXURE 'A' TO THE AUDIT REPORT TO THE ESSAR TRANSCO LIMITED

Referred to in paragraph 1 of report on other legal and regulatory requirement's paragraph of our report on the financial statement of even date,

(i) In respect of its fixed assets :

(a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment.

(B) The Company has maintained proper records showing full particulars of Intangible Assets

(b) The Company has a program of physical verification of Property and Plant and Equipment, so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to information and explanation given to us and on the basis of our examination of the records, Building and some of the Assets situated on the land by owned by other group Company . The details are as under

Particulars	Location	Land Owned by	Amount In Crores
Plant & Machinery- Others	Mahan	Mahan Energy Limited	48.96
Plant and Machinery- Bay	Mahan	Mahan Energy Limited	4.21
Plant and Machinery-Tower	Mahan	Mahan Energy Limited	5.64
Total			**58.81**

Note- The company is pursuing to get the NOC for right to use the asset from Mahan Energen Limited.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) Based on the records and as per the information and explanation given to us no proceedings have been initiated during the year or are pending against the Company as at 31st March, 2024 for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) In respect of Inventory

(a) The inventories of the Company have been physically verified by the management during the year.

(b) The physical verification of inventory has been conducted at reasonable intervals by the management except for stock lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancies were

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Essar Transco Limited *

noticed on verification between the physical stocks and the book records that were 10% or more in aggregate for each class of inventory.

(c) In our opinion and as per the information and explanations given to us, the company has not been sanctioned any working capital, therefore reporting under this clause 3(ii)(c) of the order is not applicable.

(iii)

(a) In our opinion and according to the information and explanations given to us, the company has investments, not provided any guarantee or security and not granted any loans or advances in the nature of loans, secured or unsecured to related parties ,

(b) The Company has not made investments, not provided guarantee, given security and not granted loan advances in the nature of loan. And terms and conditions of the loan granted to its Related Party are not prejudicial to the interest of the Company.

(c) In our opinion and according to the information and explanations given to us, the company has granted any loans or advances in the nature of loans, secured or unsecured to related parties so the paragraph 3 (iii) (c) of the order is not applicable

(d) The principal amount of loan was overdue which has been written off during the prior year and the related interest has been waived out on the condition of recompense and the same will not be claimed as the principal has been written off.

(e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year, has not been renewed or extended or fresh loans granted to settle the overdue of existing loan given to the same parties. Therefore, paragraph 3(iii) (e) of the Order is not applicable to the Company.

(f) The Company has not granted any loan or advances in the nature of loan either repayable on demand or without specifying any terms or period of repayment. Therefore, paragraph 3(iii)(f) of the order is not applicable to the Company.

(iv) As per the information and explanation given to us and on the basis of our examination of the records, the company has not given any advances in the nature of loan, made investments, provided any guarantees and security to the parties covered under section 185 of the Act, and the company has complied the provisions of section 186 of the Act.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits. Therefore, reporting under clause 3(v) of the order is not applicable.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost records and Audit) Rules, 2014 under section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of Statutory Dues

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(a) As per the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, goods and services tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.

(b) As per the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues as described in Clause 3 (vi) (a) of the order as above have not been deposited on account of any dispute, are as follows:-

S.No.	Name of the Statue	Nature of Dues	Amount (Rs. in crore)	Period to which the amount relates	Forum where the dispute is pending
1.	MP Entry Tax Act, 1976	Entry Tax	3.05	F.Y. 2011-12	Hon'ble High Court of MP, Jabalpur
2.	MP Entry Tax Act, 1976	Entry Tax	1.21	F.Y. 2012-13	AC/PC Appeals, Jabalpur
3.	MP Entry Tax Act, 1976	Entry Tax	1.64	F.Y. 2013-14	Appellate Tribunal, Bhopal.

Note-

1. Rs 1.28 Crores deposited in protest against above demand
2. Above amount is excluding interest and computed on finality of case.

(viii) As per the information and explanation given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix)

a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans to banks financial institutions.

b) As per the information and explanation given to us, the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority during the period.

c) As per the information and explanation given to us, the Company has applied the term loan for the purpose for which it was obtained.

d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

e) As per the information and explanation provided, the company has no subsidiary associates and joint ventures.

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f) As per the information and explanation provided, the company has no subsidiary associates and joint ventures.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and therefore reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and therefore reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, we have neither came across any instance of fraud on or by the Company noticed or reported during the year, nor had been informed of such case by the management.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As per information, explanations and representation the Company has not received any whistle blower complaint during the year.

(xii) Based on records and information and explanation given to us, the company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, paragraph 3(xii)(a),(b) & (c) of the Order are not applicable to the Company.

(xiii) As per the information and explanation given to us and on the basis of our examination of the records, the company has transacted with the related parties which are in compliance with section188 &177 of the Companies Act, 2013 and the details have been disclosed in the financial statements.

(xiv) As per the requirement under section 138 of Companies Act, 2013, Internal Audit is not applicable on the Company. Therefore, reporting under clause 3(xiv) of the order is not applicable to the company.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)

a) Based on records and information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, reporting under paragraph 3(xvi)(a) of the Order is not applicable to the Company.
b) As per the information & explanation and records given to us the company has not conducted any Non- Banking Financial or Housing Finance activity. Therefore, reporting under clause 3(xvi)(b) of the order is not applicable.

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c) As per the information & explanation given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.

d) As per the information & explanations given to us, the Group of the company does not have more than one CIC as a part of Group. Therefore reporting under paragraph 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has incurred any cash losses during the financial year covered by our audit and there is no cash losses in immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company.

(xx) The Company is not eligible to spent towards Corporate Social Responsibility (CSR) in compliance with Section 135 of the Companies Act ,2013. Therefore, reporting under clause 3(xx)(a) and (b)of the Order is not applicable.

For **S S KOTHARI MEHTA & CO. LLP**
Chartered Accountants
Firm Registration No. 000756N/ N500441

(Neeraj Bansal)
Partner
Membership No. 095960

Place: New Delhi
Date: 07-08-2024
UDIN: 24095960BKFADF3599

S S KOTHARI MEHTA & CO. LLP
NEW DELHI
Chartered Accountants

Essar Transco Limited

S S KOTHARI MEHTA
& CO. LLP
CHARTERED ACCOUNTANTS

"ANNEXURE – B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ESSAR POWER TRANSMISSION COMPANY LIMITED

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

We have audited the internal financial controls over financial reporting of **ESSAR POWER TRANSMISSION COMPANY LIMITED** ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

Auditor's Responsibility

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

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

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

S S KOTHARI MEHTA & CO LLP NEW DELHI Chartered Accountants

Essar Transco Limited

S S KOTHARI MEHTA
& CO. LLP
CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, based on records ,the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were generally operating effectively as at March 31, 2024, based on "the internal control over financial reporting system & procedures established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **S S KOTHARI MEHTA & CO. LLP**
Chartered Accountants
Firm Registration No. 000756N/ N500441

S S KOTHARI MEHTA & CO LLP * Chartered Accountants * NEW DELHI

(Neeraj Bansal)
Partner
Membership No. 095960

Place: New Delhi
Date: 07-08-2024
UDIN: 24095960BKFADF3599

Essar Transco Limited *

ESSAR TRANSCO LIMITED
BALANCE SHEET AS AT MARCH 31, 2024

(Rs. in Crore)

	Note no.	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,398.70	1,502.79
Right of use	3	0.11	-
Intangible assets	4	13.63	15.86
		1,412.44	1,518.65
Current assets			
Inventories	6	3.63	2.14
Financial assets:			
Trade receivables	7	241.12	292.21
Cash and cash equivalents	8	0.06	23.25
Bank balances other than cash and cash equivalents	9	-	42.56
Security deposits	10	0.14	0.13
Other financial assets	11	1.28	1.55
Current tax assets (net)	12	7.10	-
Other current assets	13	32.34	0.18
		285.67	362.01
		1,698.11	1,880.66
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14	0.05	0.05
Compulsory Convertible Cumulative Participating preference Shares	14	447.78	
Reserves and surplus	15	121.06	286.21
Capital reserve	15	29.40	477.18
		598.29	763.44
LIABILITIES			
Non-current liabilities			
Financial liabilities:			
Borrowings	16	909.01	944.54
Other	16a	63.73	-
Provisions	17	0.09	0.12
Deferred tax (assets)/ liabilities (net)	5	32.63	84.32
		1,005.46	1,028.97
Current Liabilities			
Trade payables:			
Total Outstanding dues of micro enterprises and small enterprises	18	0.01	0.03
Others	18	0.18	0.59
Borrowings	19	83.91	77.09
Other financial liabilities	20	10.27	10.17
Other current liabilities	21	0.01	0.37
		94.37	88.25
		1,698.11	1,880.66

Accompanying notes are integral part of financial statements.

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Neeraj Bansal
Partner
Membership No:095960
Place:Ahmedabad
Date: -07-08-2024

Kirti Thakkar
Kirti Thakkar
CFO
Place: Mumbai

Date: -07-08-2024

For and on behalf of the Board of Directors

Atul Singh Raghav
Director
Din: 09756298
Place:Ahmedabad
Date: -07-08-2024

Unnat Prakash
Director
Din: 09753855
Place:Mumbai
Date: -07-08-2024

Essar Transco Limited

Essar Transco Limited

ESSAR TRANSCO LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(Rs. in Crore)

	Note no.	For the year ended March 31, 2024	For the year ended March 31, 2023
INCOME			
Revenue from operations	22	131.94	355.25
Other income	23	5.22	4.79
Total Income		**137.16**	**360.03**
EXPENSES			
Employee benefit expenses	24	1.80	2.33
Finance costs	25	172.51	133.67
Depreciation and amortisation	3&4	106.52	106.48
Other expenses	26	73.03	12.90
Total expenses		**353.86**	**255.37**
Profit/(loss) before exceptional items and tax		**(216.70)**	**104.66**
Profit/(loss) for the period		**(216.70)**	**104.66**
Deferred tax (credit) / expenses	27	(51.68)	5.59
Profit (Loss) for the period from Continuing operations		(165.02)	99.07
Profit (Loss) for the period from Discontinued operations (Net of Tax)			
Profit after tax for the year		**(165.02)**	**99.07**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Continuing operations:-			
Remeasurement of the defined benefit plans		(0.05)	(0.08)
Income tax effect		0.01	0.02
Other comprehensive income for the year, net of tax		(0.04)	(0.06)
Discontinued operations:-			
Remeasurement gain / (losses) of the defined benefit plans			
		-	-
TOTAL OTHER COMPREHENSIVE INCOME		**(0.04)**	**(0.06)**
Total comprehensive income for the year, net of tax		(165.05)	**99.01**

Note no 1 and 2 for Significant Accounting policies and basis of allocation for Split Financial Statement and accompanying notes are integral part of financial statements.

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

Neeraj Bansal
Partner
Membership No:095960
Place:Ahmedabad
Date: -07-08-2024

S S KOTHARI MEHTA & CO LLP NEW DELHI Chartered Accountants

For and on behalf of the Board of Directors

Atul Singh Raghav
Director
Din: 09756298
Place:Ahmedabad
Date: -07-08-2024

Kirti Thakkar

Kirti Thakkar
CFO
Place: Mumbai

Date: -07-08-2024

Unnat Prakash
Director
Din: 09753855
Place:Mumbai
Date: -07-08-2024

Essar Transco Limited

Essar Transco Limited

ESSAR TRANSCO LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

A. Equity share capital

	Note no.	(Rs. in Crore)
As at April 1, 2022	14	0.05
Changes in equity share capital		-
As at March 31, 2023		0.05
Issued during the year		-
As at March 31, 2024		0.05

Compulsory Convertible Cumulative Participating preference Shares

	Note no.	(Rs. in Crore)
As at April 1, 2022	14	-
Changes in equity share capital		-
As at March 31, 2023		-
Issued during the year		477.78
As at March 31, 2024		477.78

B. Other equity

(Rs. in Crore)

	Note no.	Reserve and surplus	Total
		Retained earnings	
Balance as at April 1, 2022	15	187 20	187 20
Profit/(Loss) for the year		99.01	99.01
Other comprehensive income for the year		(0.06)	(0 06)
Total comprehensive income for the year		99.01	99.01
Capital Reserve		477 18	477 18
Balance as at March 31, 2023		763 39	763.39
Transfer from Capital reserve on issuance of Compulsory convertible cumumlative participating preference shares		(447.78)	(447.78)
Profit/(Loss) for the year		(165.09)	(165.09)
Other comprehensive income for the year		(0.04)	(0 04)
Total comprehensive income for the year		(612.90)	(612.90)
Balance as at March 31, 2024		150.46	150.46

In terms of our report attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No. 000756N/N500441

Neeraj Bansal
Partner
Membership No:095960
Place: Ahmedabad
Date: -07-08-2024

Kirti Thakkar
CFO
Place: Mumbai

Date: -07-08-2024

For and on behalf of the Board of Directors

Atul Singh Raghav
Director
Din: 09756298
Place: Ahmedabad
Date: -07-08-2024

Unnat Prakash
Director
Din: 09753855
Place: Mumbai
Date: -07-08-2024

ESSAR TRANSCO LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2024

(Rs in Crore)

		Year ended Mar/24		Year ended Mar/23	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit/ (Loss) Before Tax		(165.09)		114.62
	Adjustment for				
	Allowance for bad and doubtful debt				
	Depreciation and amortisation	106.53		133.69	
	Provisions for expenses no longer required written back/liabilities written back	-		(2.08)	
	Finance costs	172.51		167.50	
	Interest income	(5.22)		(4.54)	
	Provision for gratuity/ Leave encashment	(0.03)		0.39	
			273.79		294.95
	Operating profit before working capital changes		108.70		409.57
	Movement in working capital				
	Decrease / (Increase) in inventories	(1.49)		(0.44)	
	Decrease / (Increase) in trade receivables	51.09		(253.21)	
	(Decrease) / Increase in trade payables,other financial liabilities other liabilities and other payables	11.27		4.88	
	(Increase) / Decrease in other financials assets, loans and other assets	10.38		62.93	
			71.26		(185.83)
	Cash generated from operations		179.96		223.74
	Direct taxes Refund / (paid)		(7.10)		(7.46)
	Net cash from operating activities		172.86		216.28
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Addition to propery, plant and equipments, Intangible assets under development (including capital work in progress, expenditure/gain during construction period and advances on capital account & capital payables)	(0.32)		0.08	
	Interest received	5.49		9.11	
	Net cash used in investing activities		5.17		9.19
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Repayment of borrowings	(76.97)		(105.76)	
	Interest and finance charges paid	(124.25)		(157.90)	
			(201.22)		(263.66)
	Net (decrease)/Increase in cash and cash equivalents (A+B+C)		(23.19)		(38.19)
	Cash and cash equivalents at the beginning of the year		23.25		65.31
	Cash and cash equivalents at the end of the year		0.06		27.12
			(23.19)		(38.19)

Excess payment as per cash working and FS

(Rs in Crore)

	As at March 31, 2024	As at March 31, 2023
Balance with banks in		
- Current accounts	0.06	27.12
Cash and cash equivalents	0.06	27.12

Note.
1 Previous year figures have been re-grouped/re-arranged wherever considered necessary.

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No 000756N/N500441

Neeraj Bansal
Partner
Membership No:095960
Place.Ahmedabad
Date: -07-08-2024

Atul Singh Raghav
Director
Din: 09756298
Place:Ahmedabad
Date -07-08-2024

Kirti Thakkar
CFO
Place Mumbai
Date -07-08-2024

Tushar Prakash
Director
Din: 09753855
Place:Mumbai
Date: -07-08-2024

ESSAR TRANSCO LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2024

Notes

1 CORPORATE INFORMATION

Essar Transco Limited (the "Company") ("ETL") is a public company incorporated in the year 2022 and domiciled in India. The registered office of the Company is located at Shop no. 2 and 3 at Jalsa Complex, Plot no. 1730, 1731 Khasra 1750/3 Village Tal (Waidhan), District Singrauli Waidhan, Sidhi, Singrauli Colliery, Madhya Pradesh, India, 486886. The Company is in business of transmission of electricity. Central Electricity Regulatory Commission has issued Transmission License for 25 years to the Company to transmit electricity as a transmission licensee and to construct, maintain and operate the transmission assets.

2.1 Basis of preparation

(i) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provision of the Act

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis except certain financial instruments which has been measured at fair value

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013

2.2 Material accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues and expenses during the period and assets, liabilities and the disclosure of contingent liabilities at the date of financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

The Company has prepared its financial statements based on assumptions and estimates on parameters available at that time. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

2.3 Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in "Indian Rupees" (INR), which is also the Company's functional currency. All values are rounded to the nearest Crore (INR 00,00,000), except when otherwise indicated

(ii) Transaction and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.4 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government

(i) Revenue from transmission charges

Revenue is currently being recognised based on the provisional tariff / final order approved by CERC for stage - I of the project. Difference, if any, will be accounted in the year of issuance of final notification of tariff ordered by CERC. The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the norms notified / approved by CERC

Late payment charges received are recognised as variable consideration and are included in Revenue from Transmission charges

Transaction price in contract with customers includes interest on delayed payment.

(ii) Interest and dividend income

Interest income is recorded using the effective interest rate (EIR) for all debt instruments measured either at amortised cost or at fair value through other comprehensive income. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend

2.5 Borrowing costs

Borrowing costs attributable to the acquisition and construction of the qualifying assets are capitalised as part of the cost of such assets up to the date when such asset is ready for its intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

S S KOTHARI MEHTA & CO. LLP
NEW DELHI
Chartered Accountants

Essar Transco Limited

Essar Transco Limited

2.6 (i) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid within twelve months in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits includes salaries, allowances and bonuses etc., compensated absences such as paid annual leave and performance incentives.

(ii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

(iii) Post-employment benefit plans

Contribution to defined contribution plans such as provident fund, are recognised as expense in the statement of profit and loss or expenditure during construction period, as applicable, when employees have rendered services entitling them to contributions

The Group operates a defined benefit gratuity plan in India. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date

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

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss or expenditure during construction period, as applicable,

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

Net interest expense or income is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets

The employee benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the related plan assets. Any asset resulting from this calculation is limited to the reductions in future contributions to the plan

2.7 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses

The current income tax charges is calculated on the basis of the tax laws enacted at the end of the reporting period in India. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current tax and liabilities are offset when there is a legally enforceable right to set off recognised amount and hence it an intention to settle the assets and the liability on the net basis

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

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

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Property, plant and equipment (PPE)

Freehold land is carried at historical cost and other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing costs and all other applicable expenses incurred to bring the assets to its present location and condition. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss or expenditure during construction period, as applicable.

All the expenditure during construction period (net of income) attributable to construction/acquisition of fixed assets are shown as capital work in progress until the relevant assets are ready for its intended use. When a major inspection or major maintenance is undertaken, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss during the reporting period in which they are incurred

Transmission system assets are considered when they are "Ready for intended use" for the purpose of capitalisation, after test charging /successful commissioning of the system/ assets and on completion of stabilisation period

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

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted if appropriate

Depreciation is provided as per straight line method (SLM) at the rates and in the manner specified in Central Electricity Regulatory Commission (CERC) Tariff Regulations. Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions as the case may be

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and capital work in progress recognised as at April 1, 2015 measured as per the previous GAAP i.e. Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment

S S KOTHARI MEHTA & CO LLP
NEW DELHI
Chartered Accountants

Essar Transco Limited

2.9 Intangible Assets

Intangible assets are recognized only when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over the best estimate of their useful lives. Amount paid for acquiring Right of Way (ROW) of laying transmission lines are accounted as intangible asset.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortised at the rate and in the manner specified in Central Electricity Regulatory Commission (CERC) Tariff Regulations except for capitalized software cost, which is equally amortised over a period of five years. Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions, as the case may be.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015 measured as per the previous GAAP i.e. Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

2.1 Impairment of non financial Assets

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized in the statement of profit and loss when the carrying amount of an asset exceeds its estimated recoverable amount. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

2.1 Inventories

Inventories are valued at lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost formula.

2.1 **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, that can reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are not recognised but disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

2.1 **Financial instruments**

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

(i) Financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent Solely Payments of Principal and Interest (SPPI) are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest (SPPI), are measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income except for the recognition of impairment gains or losses, interest income and foreign exchange gain and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit and loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Debt instruments included within the FVPL category are measured at fair value with all changes recognized in the statement in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVPL. For all other equity instruments, the Company may classify the same either as at FVOCI or FVPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments which are classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognized in the profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Losses" (ECL) at each reporting date, right from its initial recognition.

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

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Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls) discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit or loss. This amount is reflected in a separate line in the profit or loss as an impairment gain or loss.

(ii) Financial liabilities
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and trade and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:
Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortised cost
Financial liabilities classified and measured at amortised such as loans and borrowings, trade and other payable are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts
The Company provides certain guarantees in respect of the indebtedness of group companies, undertakings, claims under contract and other arrangements in the ordinary course of business. The Company evaluates each arrangement to determine whether it is an insurance or a financial guarantee contract. Once the arrangements are designated as insurance contracts, these are disclosed as contingent liabilities unless the obligations under guarantee become probable. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the obligation under the contract and the amount initially recognised less cumulative amortisation over period of guarantee is provided.

De-recognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.1 Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand, short term deposits with banks with original maturity of less than three months and short-term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

2.2 Earnings per share
Basic earnings per share are computed by dividing the profit / (loss) attributable to equity share holders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the profit /(loss) for the year after deducting preference dividends and attributable taxes attributable to equity shareholders. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit / (loss) for the year are adjusted for the effects of changes in income, expenses, tax and dividends that would have occurred had the dilutive potential equity shares been converted into equity shares. Such adjustments after taking account of tax include preference dividend or other items related to convertible preference shares, interest on convertible debt and any other changes in income or expense that would result from the conversion of dilutive potential ordinary shares. The weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

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NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2024

NOTE: 3
PROPERTY, PLANT AND EQUIPMENT

(Rs. in Crore)

Description of the assets	Gross block				Depreciation				Net block	
	Balance as at April 1, 2023	Additions during the year	Deletions / Adjustments	Balance as at March 31, 2024	Balance as at April 1, 2023	For the year	Deletions / Adjustments	Balance as at March 31, 2024	Balance as at March 31, 2024	Balance as at March 31, 2023
Right to use	-	0.13	-	0.13	-	0.03	-	0.03	0.11	-
Buildings	-	0.16	-	0.16	-	0.02	-	0.02	0.14	-
Plant and Machinery										
Transmission line	1,973.93	-	-	1,973.93	471.20	104.23	-	575.43	1,398.50	1,502.73
Furniture and fixtures	0.01	0.01	-	0.02	0.01	0.00	-	0.01	0.01	-
Office equipments	-	0.01	-	0.01	-	0.00	-	0.00	0.01	-
Computers	0.10	0.00	-	0.10	0.04	0.02	(0.01)	0.06	0.04	0.06
Total	1,974.04	0.31	-	1,974.35	471.25	104.30	(0.01)	575.55	1,398.81	1,502.79

(Rs. in Crore)

Description of the assets	Gross block				Depreciation				Net block	
	Balance as at April 1, 2022	Additions during the year	Deletions / Adjustments	Balance as at March 31, 2023	Balance as at April 1, 2022	For the year	Deletions / Adjustments	Balance as at March 31, 2023	Balance as at March 31, 2023	Balance as at March 31, 2022
Plant and Machinery										
Transmission line	1,973.90	0.03	-	1,973.93	366.97	104.23	-	471.20	1,502.73	1,606.81
Furniture and fixtures	0.01		-	0.01	0.01	0.00	-	0.01	0.00	0.00
Computers	0.07	0.04	-	0.10	0.02	0.02	-	0.04	0.06	0.05
Total	1,973.98	0.07	-	1,974.04	367.00	104.25	-	471.25	1,502.79	1,606.86

NOTE: 4
INTANGIBLE ASSETS

(Rs. in Crore)

Description of the assets	Gross block				Amortisation				Net block	
	Balance as at April 1, 2023	Additions during the year	Deletions / Adjustments	Balance as at March 31, 2024	Balance as at April 1, 2023	For the year	Deletions / Adjustments	Balance as at March 31, 2024	Balance as at March 31, 2024	Balance as at March 31, 2023
Right of way	37.77	-	-	37.77	21.91	2.22	-	24.14	13.63	15.86
Total	37.77	-	-	37.77	21.91	2.22	-	24.14	13.63	15.86

(Rs. in Crore)

Description of the assets	Gross block				Amortisation				Net block	
	Balance as at April 1, 2022	Additions during the year	Deletions / Adjustments	Balance as at March 31, 2023	Balance as at April 1, 2022	For the year	Deletions / Adjustments	Balance as at March 31, 2023	Balance as at March 31, 2023	Balance as at March 31, 2022
Right of way	37.77	-	-	37.77	19.69	2.22	-	21.91	15.86	18.08
Total	37.79	-	-	37.79	19.72	2.22	-	21.94	15.86	18.08

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NOTE: 5
DEFERRED TAX ASSETS / LIABILITY (NET)

(Rs. in Crore)

	As at Mar/24	As at Mar/23
Deferred tax asset		
Unabsorbed depreciation	134.55	86.84
Provision for employee benefits	0.02	0.03
Gross deferred tax asset	134.57	86.87
Differences in depreciation in block of fixed assets as per tax books and	164.31	149.91
Intangible assets	2.89	8.18
Fair valuation of financial assets		13.06
Gross deferred tax liability	167.20	171.19
Net deferred tax asset	(32.63)	(84.32)

Movement in deferred tax assets

	March 31, 2024	March 31, 2023
Balance at the beginning of the year	(84.32)	(78.73)
(charged) / credited to statement of profit and loss	51.68	(5.59)
Balance at the end of the year	(32.64)	(84.32)

NOTE: 6
INVENTORIES

(Rs. in Crore)

	As at Mar/24	As at Mar/23
Stores and spares	3.63	2.14
	3.63	2.14

NOTE: 7
TRADE RECEIVABLES

(Rs. in Crore)

	As at Mar/24	As at Mar/23
Trade receivables		
Undisputed Trade receivables - Considered good	241.12	292.21
	241.12	292.21

As at 31-03-2024

(Rs. in Crore)

Sr No	Particulars	Outstanding for following periods from due date of receipt					Total
		Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years	
1	Undisputed Trade receivables - Considered good	10.93	11.27	3.68			25.88
2	Undisputed Trade receivables - which have significant increase in risk	-			-		
3	Undisputed Trade receivables - credit impaired	-					
4	Disputed Trade receivables - Considered good		-	215.24			215.24
5	Disputed Trade receivables - which have significant increase in risk		-				
6	Disputed Trade receivables - credit impaired			-	-		
	Total	10.93	11.27	218.92			241.12

As at 31-03-2023

(Rs. in Crore)

Sr No	Particulars	Outstanding for following periods from due date of receipt					Total
		Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years	
1	Undisputed Trade receivables - Considered good	80.44					80.44
2	Undisputed Trade receivables - which have significant increase in risk	-	-				
3	Undisputed Trade receivables - credit impaired	-					
4	Disputed Trade receivables - Considered good	-	211.77		-	-	211.77
5	Disputed Trade receivables - which have significant increase in risk			-	-	-	
6	Disputed Trade receivables - credit impaired			-	-	-	
	Total	80.44	211.77				292.21

EPTCL Stage-2 Tariff
CERC vide its order dated 14.03.2022 approved annual tariff of Rs 335.70 Crore for control period 2018-19 for Stage-II [illegible]. CERC determined tariff in two parts i.e. Rs 262 Crore through Point of Connection (POC) pool and Rs 73.70 Crore through Mahan Energen Limited ("MEL") earlier Essar Power MP Limited, totaling to Rs 335.70 Crores. The CERC has levied 24% of Stage-II tariff on MEL on account of undertaking dated 21.08.2009 to bear the additional cost of [illegible] installed at MEL [illegible].
As per the CERC regulations the billing procedure requires EPTCL to share the available data with Central Transmission Utility of India Ltd. ("CTUIL") and CTUIL would then be responsible to collect the amount from [illegible] and further disburse to EPTCL. Regulation 26(2) of the CERC Sharing Regulations 2020 provide that CTUIL shall directly pay transmission charges to the ISTS licensee (i.e. EPTCL) after collecting the same under Regulation 13(4).

EPTCL has been receiving MEL's portion of the tariff (i.e. 24%) through CTUIL from November 2021 onwards. However, the arrears pertaining to the period from September 2018 to October 2021 is under sub-judice.
EPTCL's Stage-II [illegible] CERC order dated 14.3.2022. Further [illegible] payable to EPTCL [illegible] MEL's Appeal [illegible] liability to pay 24% of the tariff and not to the [illegible] tariff. As such EPTCL's entitlement to the full amount of tariff [illegible]. Therefore, even if MEL succeeds in Appeal No. 71 of 2023, EPTCL would still be entitled to receive the 24% tariff from the PoC pool. The [illegible] principal amount outstanding however since matter is sub judice and there may be delay in recovery of the same.

Post the demerger of Stage II Assets into the Company, as the appellant, MEL is required to substitute EPTCL with the Company before APTEL. MEL has already been informed about the demerger and been asked to take necessary action in this regard.
MEL's appeal is pending before APTEL and is included in List of Short Matters. The matter is pending before APTEL.

EPTCL filed the tariff petition for determination for Stage 2 tariff for the control period 2019-24 based on the capital cost determined by CERC in order dated 14.03.2022. CERC vide order dated 22.11.2023 has determined tariff for Stage-2 as mentioned below:

Year	2019-20	2020-21	2021-22	2022-23	2023-24
PoC Pool (Rs. Cr)	230.29	237.[illegible]	227.03	219.01	210.05
MEL (Rs. Cr)	30	62.35	61.7	62.13	59.57

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NOTE: 8

CASH AND CASH EQUIVALENTS (Rs. in Crore)

	As at Mar/24	As at Mar/23
Balances with banks in		
Current accounts	0.06	8.21
Fixed deposits	-	15.04
	0.06	23.25

NOTE: 9

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS (Rs. in Crore)

	As at Mar/24	As at Mar/23
Balances with banks:		
Fixed deposits		0.86
Deposit in Debt service reserve account (DSRA)		41.70
	-	42.56

NOTE: 10

SECURITY DEPOSITS (Rs. in Crore)

	As at Mar/24	As at Mar/23
Security deposits	0.14	0.11
	0.14	0.11

NOTE: 11

OTHER FINANCIAL ASSETS (Rs. in Crore)

	As at Mar/24	As at Mar/23
Interest accrued on bank deposit	-	0.27
Deposit with government authority (Refer note no- 29)	1.29	1.28
	1.29	1.55

* Deposit with government authority includes amount given as [illegible] for protest.

NOTE: 12

CURRENT TAX ASSETS (NET) (Rs. in Crore)

	As at Mar/24	As at Mar/23
Advance tax and tax deducted at source	7.10	
Less: Set-off of current tax liabilities pursuant to set-off provisions	-	-
	7.10	-

NOTE: 13

OTHER CURRENT ASSETS (Rs. in Crore)

	As at Mar/24	As at Mar/23
Prepaid expenses	0.12	0.12
Other advances	0.12	0.06
Receivable from EPTCL	12.07	
	12.31	0.18

NOTE: 14

EQUITY SHARE CAPITAL (Rs. in Crore)

		As at Mar/24	As at Mar/23
Authorised			
500,000,000 (Previous year 50,000) equity shares of Rs. 10 each		500.05	0.05
500,000,000 (Previous year 0) preference shares of Rs. 10 each		500.00	
		1,000.05	0.05
Issued & Paid up capital			
50,000 (Previous year 50,000) equity shares of Rs. 10 each		0.05	0.05
	Total A	0.05	0.05
Instrument entirely in the nature of equity			
44,77,77,001 (Previous year NIL) Compulsory convertible cumulative participating preference shares *		447.78	
	Total B	447.78	-
	Total A + B	447.83	0.05

* Compulsory convertible cumulative participating preference shares are included in Equity as they meet the definition of equity as defined under Ind AS

Compulsory convertible cumulative participating preference shares

The Compulsory convertible cumulative participating preference shares (CCCPPS) were allotted on March 9, 2024 as approved by the Board of directors of the Company pursuant to scheme of arrangement for demerger. CCCPS have a face value of Rs 10 each.

The CCCPPS holder shall have an option to convert each CCCPPS into 1 equity share of Rs 10 each of the Company any time after the date of allotment upto maximum period of 20 years i.e. March 8, 2044.

The Equity Shares to be allotted on conversion of the CCCPPS shall rank pari passu in all respects with the existing Equity Shares of the Company and carry preferential right with respect to [illegible] repayment of capital over equity shareholder at the time of winding up.

The CCCPPS shall carry a dividend of 0.1% per annum cumulative preference to any other class of shares of the Company.

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2024

(a) Reconciliation of number of shares

	As at March 31, 2024		As at March 31, 2023	
	Number of shares	(Rs. in Crore)	Number of shares	(Rs. in Crore)
Equity shares				
Shares outstanding at the beginning of the year	50,000.00	0.05	50,000.00	0.05
Shares issued during the year	-	-		
Shares outstanding at the end of the year	50,000.00	0.05	50,000.00	0.05

	As at March 31, 2024		As at March 31, 2023	
	Number of shares	(Rs. in Crore)	Number of shares	(Rs. in Crore)
0.01% Compulsorily convertible cumulative preference shares				
Outstanding at the beginning of the year	-			
Issued during the year	447,737,003	447.74		-
Outstanding at the end of the year	447,737,003	447.74	-	-

(b) Details of shareholders holding more than 5% in the Company and details of share held by holding/ultimate holding company and /or their subsidiaries/associates

	Number of shares	Equity shares % of Shareholding
Essar Power Limited, the holding company and its nominees		
As at March 31, 2023	50,000	100%
As at March 31, 2024	447,787,003	100%

NOTE: 15
RESERVES AND SURPLUS

(Rs. in Crore)

	As at Mar'24	As at Mar'23
Retained earnings	286.15	187.20
During the year	(165.??)	99.01
Capital Reserve	29.40	477.16
	150.??	763.37

NOTE: 16
BORROWINGS

(Rs. in Crore)

	As at Mar'24	As at Mar'23
Secured		
Term Loans	30.90	55.16
Debentures	857.91	937.64
	888.??	992.??
Less: Unamortised upfront fee		(2.??)
Less Fair Value Gain on Restructuring Loan liability		(49.35)
Lease Liability	0.11	
	909.??	941.5?

* Borrowings are allocated on Project cost ratio

Notes to Borrowings

EPTCL has demerged its Stage II Transmission Undertaking to Essar Transco Limited pursuant to NCLT order dated 15[th] Feb 2024. As on 31st March 2024 the outstanding debt w.r.t Stage II of EPTCL with revised restructured arrangements are as follows :-

Restructured Debt	Original Dues	Rs. Cr	Coupon	Current	Non Current	Note
Term Loan	Principal O/S	709.91	14.50%	61.31	648.63	As per Master Restructuring [illegible] to convert to equity and will arise on default on repayment of principal or interest. This being [illegible]. Further these OCDs and Term Loan are repaid on 15 May 2024 by taking ICD of Rs. [illegible] after which the [illegible] as on 20 March 2024 and accordingly the unamortised amount of upfront fee and Fair Value Gain on Restructuring Loan liability adjusted in Finance cost (Refer note no-25)
OCD Series 1		183.85	5.00%	15.87	167.98	
OCD Series 2		78.02	7.00%	6.73	71.29	
OCD Series 3		20.99	0.00%		20.99	
Total		991.8		83.91	908.89	

The financial facility of term loan and optionally convertible debentures availed from REC Limited, Power Finance Corporation Limited and Axis Bank Limited (collectively, 'Consortium Lenders') pursuant to Master Debt Restructuring Agreement dated 30[th] June 2020 and other financing documents ("Facility") has been pre paid on 15th May, 2024 in full. The Company has received No Dues Certificate from all the lenders and lenders have released all security interest/ encumbrance/ charge/ guarantees created pursuant to the MDRA.

NOTE: 16a
Others

(Rs. in Crore)

	As at Mar'24	As at Mar'23
Provision for expenditure	63.73	-
	63.73	-

As per CERC Tariff Regulations 2019, income tax shall be allowed at the time of true up based on actual tax paid for the respective financial year.

NOTE: 17
PROVISIONS

(Rs. in Crore)

	As at Mar'24	As at Mar'23
Provision for employee benefits*		
Gratuity	[illegible]	[illegible]
Compensated absences	[illegible]	[illegible]
	[illegible]	[illegible]

*Provision for employee benefits are allocated on manpower cost ratio

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NOTE: 18

TRADE PAYABLES (Rs. in Crore)

	As at Mar/24	As at Mar/23
Total outstanding of micro and small enterprises	0.01	0.03
Others	0.16	0.59
	0.17	0.62

As at 31-03-2024 (Rs. in Crore)

Sr No	Particulars	Outstanding for following periods from due date of receipt					
		Not Due	Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years
1	Undisputed Trade Payables-Micro and Small	-	0.01	-			-
2	Undisputed Trade Payables-Others	0.16	0.00	0.00	-		-
3	Disputed Trade Payables-Micro and Small				-	-	-
4	Disputed Trade Payables-Others					-	
	Total	0.16	0.01	0.00	-	-	-

As at 31-03-2023 (Rs. in Crore)

Sr No	Particulars	Outstanding for following periods from due date of receipt					
		Not Due	Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years
1	Undisputed Trade Payables-Micro and Small	0.01					
2	Undisputed Trade Payables-Others	0.45	0.01	0.09		0.01	-
3	Disputed Trade Payables-Micro and Small					-	
4	Disputed Trade Payables-Others			-			
	Total	0.48	0.01	0.09	-	0.01	-

NOTE: 19

BORROWINGS (Rs. in Crore)

	As at Mar/24	As at Mar/23
Current maturities of long term borrowings	83.91	83.91
Less: Unamortised upfront fee		(0.26)
Less Fair Value Gain on Restructuring Loan liability		(6.56)
	83.91	77.09
	83.91	77.09

NOTE: 20

OTHER FINANCIAL LIABILITIES (Rs. in Crore)

	As at Mar/24	As at Mar/23
Capital creditors	10.17	10.17
Others	6.10	
	16.27	10.17

NOTE: 21

OTHER CURRENT LIABILITIES (Rs. in Crore)

	As at Mar/24	As at Mar/23
Statutory dues	0.01	
Other payables	[illegible]	[illegible]
	[illegible]	[illegible]

NOTE: 22

REVENUE FROM OPERATIONS (Rs. in Crore)

	For the year ended Mar/24	For the year ended Mar/23
Revenue from transmission charges	129.95	353.27
Income in respect of service rendered	1.29	1.98
	131.24	355.25

EPTCL filed the tariff petition for determination for Stage 2 tariff for the control period 2019-24 based on the capital cost determined by CERC in order dated 14.01.2022. CERC vide order dated 22.11.2023 has determined tariff for Stage-2 as mentioned below -

Year	2019-20	2020-21	2021-22	2022-23	2023-24
[illegible]	246.29	237.09	227.93	[illegible]	[illegible]
[illegible]	70	67.31	61.7	62.11	59.53

NOTE: 23

OTHER INCOME (Rs. in Crore)

	For the year ended Mar/24	For the year ended Mar/23
Interest Income	3.22	1.63
	3.22	4.79

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2024

NOTE: 24
EMPLOYEE BENEFIT EXPENSES

(Rs. in Crore)

	For the year ended Mar/24	For the year ended Mar/23
Salaries and wages	1.57	2.14
Contribution to provident and other fund	[illegible]	0.08
Gratuity	[illegible]	0.05
Staff welfare expenses	0.13	0.06
	1.90	2.33

NOTE: 25
FINANCE COSTS

(Rs. in Crore)

	For the year ended Mar/24	For the year ended Mar/23
Interest	117.32	126.91
Interest on Lease	0.04	
Other borrowing costs	3.19	0.26
Amortisation of NPV gain on Restructuring of Loan liability	51.99	[illegible]
	172.53	132.67

NOTE: 26
OTHER EXPENSES

(Rs. in Crore)

	For the year ended Mar/24	For the year ended Mar/23
Production consumables	0.59	0.68
Repairs and maintenance		
Plant and machinery	1.98	3.13
Others	4.21	1.31
Stamp Duty	[illegible]	0.08
Application and licence fees	0.37	1.79
Rent	[illegible]	[illegible]
Filing fees	[illegible]	[illegible]
Rates and taxes	0.12	[illegible]
Directors' fees		[illegible]
Insurance	0.15	0.13
Travelling and conveyance	0.20	0.26
Legal and professional fees	2.63	[illegible]
Payments to Auditors (Including GST)		
As auditor	0.17	0.11
For Certification Fees		[illegible]
For other services	0.11	0.10
Sundry balance written off (net)		[illegible]
Discount Fee	0.03	[illegible]
True up Expenditure*	63.73	
Social Welfare and Community Development	[illegible]	[illegible]
Miscellaneous expenses	0.59	[illegible]
	73.93	12.99

*Refer note no [illegible]

NOTE: 27
TAX EXPENSE

(a) **Reconciliation of tax expense and the accounting profit multiplied by India's tax rate**

(Rs. in Crore)

	For the year ended March 31, 2024	For the year ended March 31, 2023
Accounting profit / (loss) before tax	[illegible]	[illegible]
Tax at the Indian statutory tax rate of 25.17% (Previous year 25.17%)	[illegible]	[illegible]
Employee benefit expenses	(0.02)	[illegible]
Fair Value Gain on Restructuring	[illegible]	[illegible]
Deferred tax recognised on other temporary items (Net)	[illegible]	[illegible]
Tax expense recognised in the statement of profit and loss	(51.68)	5.59

(b) **Deferred tax charge / (credit) recognised in statement of profit and loss**

	For the year ended Mar/24	For the year ended Mar/23
Property, plant and equipment	11.37	[illegible]
Intangible assets	[illegible]	[illegible]
Unabsorbed depreciation	(47.71)	
Employee benefit expenses	[illegible]	[illegible]
FV Gain on Restructuring	[illegible]	[illegible]
	(51.69)	5.59

NOTE: 28
EARNINGS PER SHARE (EPS)

	For the year ended Mar/24	For the year ended Mar/23
Profit / (loss) after tax as per statement of profit and loss (in Rs. Crore)	[illegible]	104.06
Weighted average number of equity shares outstanding during the year for the calculation of	[illegible]	[illegible]
Basic EPS (in Rs.)	[illegible]	[illegible]
Diluted EPS (in Rs.)	[illegible]	[illegible]
Nominal value per share (in Rs.)	[illegible]	[illegible]

ESSAR TRANSCO LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2024

NOTE: 39
CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

	For the year ended Mar/24	For the year ended Mar/21
i. Contingent liabilities		
Entry Tax liability not provided on materials purchased during the course of business	[illegible]	5.90
ii. Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		

NOTE: 30
EMPLOYEE BENEFITS

i **Defined contribution plans**
The amount of contribution to provident fund debited to statement of profit and loss is Rs 0.02 Crore (Previous year Rs 0.03)

ii **Defined benefit plans**
Gratuity
The Company provide for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Under the act, employees who are in continuous service for a period of five years are eligible for gratuity. The

	For the year ended Mar/24	For the year ended Mar/23
Statement of profit and loss / expenditure during construction period		
Current service cost	0.02	0.02
Net interest expense / (income)	0.00	0.00
	0.02	0.02
Debited / (Credited) to statement of profit and loss	0.02	0.02
Debited / (Credited) to expenditure during construction period	-	-
Other comprehensive income		
Remeasurements		
Return on plan assets (excluding amounts included in net interest expense / (income))	[illegible]	0.00
(Gain) / loss in changes in demographic assumptions	-	-
(Gain) / loss in changes in financial assumptions	0.00	0.01
Experience (gains) / losses	0.05	0.05
	0.05	0.06
Debited / (Credited) to other comprehensive income	0.05	0.06
Debited / (Credited) to expenditure during construction period	-	-
	0.07	0.08

Balance sheet

	For the year ended Mar/24	For the year ended Mar/23
Present value defined benefit obligation	(0.26)	(0.18)
Fair value of plan assets	0.18	0.10
Deficit	(0.08)	(0.09)
Less: Effect of asset ceiling	-	-
Net liability recognised in the balance sheet	(0.08)	(0.09)

	For the year ended Mar/24	For the year ended Mar/23
Opening defined benefit obligation	0.18	0.15
Current service cost	0.02	0.02
Interest expenses	0.01	0.01
Experience (gains) / losses	0.03	0.05
(Gain) / loss in change in demographic assumptions		
(Gain) / loss in changes in financial assumptions	[illegible]	0.01
Employer Contribution		
Acquisitions (credit) / cost	-	
Benefits paid	-	(0.05)
Closing defined benefit obligation	0.26	0.18

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2024

Changes in the fair value of plan assets are as follows:

	For the year ended Mar/24	For the year ended Mar/23
Opening fair value of plan assets	0.02	0.14
Acquisition Adjustment	-	-
Interest income	0.01	0.01
Return on plan assets excess / (less) than discount rate	(0.00)	(0.40)
Benefits paid	-	(0.05)
Employer contributions	0.08	0.30
Closing fair value of plan assets	0.11	0.18

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	For the year ended Mar/24	For the year ended Mar/23
Funded with insurer	[illegible]	[illegible]

The details of plan assets from the insurer are not available and hence the disclosure thereof is not made.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	For the year ended Mar/24	For the year ended Mar/23
Discount rate	7.00%	7.10%
Expected rate of return on assets	7.00%	7.00%
Salary escalation rate	8.50%	8.50%
Employee turnover	10.00%	10.00%

(i) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
(ii) The expected rate of return on plan assets is based on market expectation for the entire life of related obligation.
(iii) The discount rate is based on the prevailing market yields of government of India securities as at the balance sheet date for the estimated term of the obligations.

Sensitivity analysis

	For the year ended Mar/24
Defined benefit obligation on the basis of assumptions as at March 31, 2024	0.26
Discount rate	7.00%
Effect of defined benefit obligation due to 0.5% increase in discount rate	(0.01)
Effect of defined benefit obligation due to 0.5% decrease in discount rate	[illegible]
Salary escalation rate	8.50%
Effect of defined benefit obligation due to 0.5% increase in salary escalation rate	0.01
Effect of defined benefit obligation due to 0.5% decrease in salary escalation rate	(0.01)

Risk exposure
The Gratuity scheme is a final salary defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the

(a) Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

(b) Salary Inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

(c) Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined

Description of funding arrangement and policies
The scheme is funded by way of a separate irrevocable Trust and the Company is expected to make regular contributions to the trust. The fund is managed by insurance companies and the assets are invested in

The weighted average duration of the defined benefit obligation is 7 years (Previous year 6 years)
The expected maturity analysis of undiscounted gratuity benefit is as follows:

	For the year ended Mar/24	For the year ended Mar/23
Less than a year	0.04	0.03
Between 1 - 2 years	0.03	0.02
Between 2 - 5 years	0.09	0.08
Over 5 years	0.15	[illegible]
	0.31	[illegible]

iii Compensated absences
Amount recognised in statement of profit and loss is Rs Nil and Previous year Rs Nil

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2022

NOTE 31

FINANCIAL INSTRUMENTS

i. The classification of each category of financial instruments and their carrying amounts are as below:

(Rs. in Crore)

	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
A Financial assets						
Non current						
[illegible]						
Loans						
Other financial assets			-	-		-
Current						
Investments						
Trade receivables			241.12			292.21
Cash and cash equivalents			0.06			23.23
Bank balances other than cash and cash equivalents			-	-		42.36
Loans	-		-			
Other financial assets			1.28			1.37
		-	242.46			359.17
B Financial liabilities						
Non current						
Borrowings	-		909.81			911.51
Other financial liabilities						
Current						
Borrowings	-					
Trade payables			0.19			9.62
Current maturities of long term borrowings			53.91			77.09
Interest payable			-			
Others			10.27			[illegible]
	-	-	[illegible]	-		[illegible]

ii. Fair value of financial assets and liabilities measured at amortised cost are as below:

	As at March 31, 2022		As at March 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
A. Financial assets				
Non current				
Investments				
Current				
Trade receivables	241.12	241.12	292.21	292.21
Cash and cash equivalents	0.06	0.06	23.23	23.23
Bank balances other than cash and cash equivalents			42.36	42.36
Loans		-		
Other financial assets	1.28	1.28	1.37	1.37
	242.46	242.46	[illegible]	[illegible]
B Financial liabilities				
Non current				
Borrowings	909.81	909.81	911.51	911.51
Other financial liabilities				
Current				
Borrowings				
Trade payables	0.19	0.19	9.62	9.62
Current maturities of long term borrowings	53.91	53.91	77.09	77.09
Others	10.27	10.27	[illegible]	[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]

iii. Fair value hierarchy

Quantitative disclosures of fair value measurement hierarchy of financial assets and liabilities of the Company are as below:

	As at March 31, 2022			As at March 31, 2021		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments						
Trade receivables			241.12			292.21
Cash and cash equivalents	-		0.06			23.23
Bank balances other than cash and cash equivalents			-			42.36
Loans			-			
Other financial assets			1.28			1.37
	-	-	242.46	-		[illegible]
B Financial liabilities						
Non current						
Borrowings			909.81			911.51
Other financial liabilities						
Current						
Borrowings						
Trade payables			0.19		-	9.62
Other financial liabilities						
Current maturities of long term borrowings		-	53.91			77.09
Others			10.27			[illegible]
			[illegible]			[illegible]

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2024

NOTE: 32

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, trade payables, capital creditors and interest payables The main purpose of these financial liabilities is to raise finance for the Company's operations and capital expenditures The Company has various financial assets such as trade receivables, cash and cash equivalents, bank deposits, which arise directly from its operations

The management agrees and reviews policies for managing different type of risks associates with the nature of the business and operations of the Company. Significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, which expose the Company to cash flow interest rate risk. (Refer Note 16)

The following table provides a breakdown of the Company's fixed and floating rate borrowings:

(Rs. in Crore)

	As at March 31, 2024	As at March 31, 2023
Fixed rate borrowings	937.63	-
Floating rate borrowings	55 17	1,021 63
	992.80	1,021.63

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, being a 0 5% increase or decrease in interest rate, with all other variables held constant, of the Company's profit before tax due to the impact on floating rate borrowings.

(Rs. in Crore)

	For the year ended	
	March 31, 2024	March 31, 2023
Effect on profit before tax:		
PLR*- decrease by 50 bps	0.04	0 04
	0.04	0 04

* Prime Lending Rate ('PLRs') set by individual Indian banks in respect of their loans.

The impact of a 50 bps increase in interest rates on profit before tax will be as disclosed above with the exception that gains would be converted to losses

Credit risk

Credit risk is the risk of financials loss to the Company if a counterparty to a financial instrument fails to meet it contractual obligations, and arises from trade receivable, cash and cash equivalents, bank deposits as well as credit exposures to other outstanding receivables.

The Company currently having transactions with recognised and creditworthy third parties and companies under the same management and hence credit risk is considered to be low Cash and cash equivalents and bank deposits are held in banks with high credit ratings In addition, receivable balances are monitored on an on-going basis

The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of trade receivables Trade receivables disclosed in the financial statements include amounts (see below for ageing analysis) which are past due at the reporting date but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable

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Ageing of receivables is as follows:(Refer note-7)

	As at 31-Mar-24	As at 31-Mar-23
Less than 6 months	10.93	80.44
6 months- 1 year	11 27	211 77
1-2 yrs	3 68	-
2-3 yrs	-	-
	25.88	292.21

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financials liabilities that are settled by delivering cash or another financials asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facility) and cash and cash equivalents on the basis of expected cash flows.

The table below analyze the Company financial liabilities into relevant maturity grouping based on their contractual maturities;

(Rs. in Crore)

As at March 31, 2024	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Borrowings (Refer note- 16)	83.91	83.91	251.72	573 27	992 80
Trade payables (Refer note- 18)	0.19	-	-	-	0 19
Other financial liabilities	-	-	-	-	-
	84.09	83.91	251.72	573.27	992.99

(Rs. in Crore)

As at March 31, 2023	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Borrowings	83.91	83.91	251 72	657 17	1,076 71
Trade payables	0 62	-	-	-	0 62
Other financial liabilities		-	-	-	-
	84 53	83 91	251 72	657 17	1,077 33

The Company has no undrawn committed facilities as at March 31, 2024

Capital management

The Company s objectives while managing capital are to safeguard its ability to continue as a going concern and to provide adequate returns for its shareholders and benefits for other stakeholders The Company's policy is generally to optimise borrowings at an operating company level within an acceptable level of debt. Equity funding for existing operations / Capex or new acquisitions is raised centrally, first from excess cash and then from new borrowings while retaining on an acceptable level of debt as per approved financing plan

The Company monitors capital using a gearing ratio, which is calculated as underlying net debt divided by total equity including reserves & surplus plus underlying net debt The Company measures its underlying net debt as total debt including current maturities of long term borrowings but excluding short term facilities reduced by cash and cash equivalents and bank deposits Total equity includes equity attributable to the equity holders of the Company

(Rs. in Crore)

	As at 31-Mar-24	As at 31-Mar-23
Interest-bearing loans and borrowings	993	1,077
Less cash and cash equivalents	(0)	(23)
	993	1,053
Less:		
Other financial assets-bank deposits (excluding restricted)	-	
	-	-
Underlying net debt	993	1,053
Total equity	598	763
Equity and underlying net debt	1,591	1,817
Gearing ratio	62%	58%

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2024

NOTE: 33
SEGMENT INFORMATION

The operations of the Company are limited to one segment, namely, transmission of electricity. All the assets and revenue earned by the Company are in India. In view of a single business and geographical segment, no further disclosures as per Indian Accounting Standard - 108 (Ind AS 108) "Operating Segments" need to be made. Entire revenue from operations is from one customer only.

NOTE: 34
RELATED PARTY DISCLOSURE
Disclosure of related party transactions and balances as required by Indian Accounting Standard - 24 (Ind AS 24) "Related Party Disclosures" are as follows:

Holding Companies
1 Ultimate Holding Company - Essar Global Fund Limited (EGFL) till 15-05-2024
2 Holding Company - Essar Power Limited (EPOL) till 15-05-2025
3 Adani Transmission Step 2 Limited from 15-05-2024

B Key management person :
1 Mr. Partha Bhattacharya - Chief Executive Officer (From 01-04-2023 to 12-09-2023)
2 Mr. Kapil Singla - Chief Financial Officer (From 01-04-2023 to 12-09-2023)
3 Mr. Nitin Patil, Director (From 12-09-2023 to 14-05-2024)
4 Mr. Vishnu Datt Mishra, Director (From 12-09-2023 to 14-05-2024)
5 Mr.T Rajmohan, Director (From 01-04-2023 to 14-05-2024)
6 Mr. Prakash Khedekar - Company Secretary (From 01-04-2023 to 14-05-2024)
7 Mr. Kirti Thakkar – Chief Financial Officer (From 15-06-2024)
8 Mr. Atul Singh Raghav, Director (From 15-05-2024)
9 Mr. Unnat Prakash, Director (From 15-05-2024)
10 Mr Veer Mani Singh,Director (From 15-05-2024)
The company is the process of appointment of Company Secretary

C. The company is in the process of appointment of Company Secretary
Refer Annexure-A for details of transactions and outstanding balances with related parties

NOTE: 35
DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES
Micro, small and medium enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below

(Rs. in Crore)

		As at March 31, 2024	As at March 31, 2023
a	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.01	0.07
b.	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
c	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
d	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
f	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
g	Further interest remaining due and payable for earlier years	-	-

NOTE: 36
The Government has inserted a new section 115BAA in the Income-tax Act 1961 through Taxation Laws (Amendment) Ordinance, 2019. The insertion of new section 115BAA providing an option to reduce the basic corporate tax rate from 30% to 22% along with no MAT under section 115JB from assessment year 2020-21. To avail the benefit of section 115BAA company need to waive off MAT credit. Under section 115BAA no bar on set off of brought forward business loss other than one attributable to deduction in specified section

NOTE: 37
The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property

NOTE: 38
The Company does not have any transactions with companies struck off

NOTE: 39
The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

NOTE: 40
The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year

NOTE: 41
The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
(b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

NOTE: 42
The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall
(a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) Provide any guarantee, security or the like on behalf of the ultimate beneficiaries

NOTE: 43
The lender of the company has not declared company as wilful defaulter and also company has not defaulted in loan repayment of loan to the lender

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NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2024

NOTE: 44

S No	Ratios	Numerator	Denominator	31st March 2024	31st March 2023	Percentage Variance	Explanation for any change in the ratio by more than 25% as compared to preceding year
1	Current Ratio	Current Assets	Current Liabilities	3.03	4.10	-26%	Decrease in Current Liabilities
2	Debt-Equity Ratio	Total Debt	Total Equity	1.66	1.86	-11%	Debt Repayment by Rs 105.9 Cr
3	Debt Service Coverage Ratio	Earning before interest tax and depreciation & amortisation	Total debt	0.06	0.29	-79%	Debt Repayment by Rs 105.9 Cr
4	Return on Equity Ratio	Profit after tax	Total equity	(0.22)	0.13	-267%	Exceptional items-Loss in FY 21-22 of 30.34 Crore
5	Inventory Turnover Ratio	Cost of goods sold	Average inventory	13.11	12.88	2%	Increase in average Stock
6	Trade Receivables Turnover Ratio	Revenue from operation	Average trade receivables	0.49	0.91	-47%	Debtors increased by Rs 256.94 crore
7	Trade Payables Turnover Ratio	Purchase of services, material and other expenses	Average trade payables	41.27	2.41	1777%	Decrease in Trade Payable
8	Net Capital Turnover Ratio	Revenue from operation	Working capital	0.69	2.17	-68%	Debtors increased by Rs 256.94 crore
9	Net Profit Ratio	Profit after tax	Revenue from operation	(1.23)	0.07	-1812%	Exceptional items-Loss in FY 21-22 of 30.34 Crore
10	Return on Capital Employed	Profit before interest and tax	Capital Employed	(0.03)	0.13	-121%	due to Debt repayment by Rs 105.9 Cr

NOTE: 45

Adani Transmission Step Two Limited has signed definitive Agreements with Essar Power Ltd on August 26, 2022 for acquiring 100% ownership of the Stage-2 transmission project demerged from EPTCL and merged into the Company. The Enterprise value for the transaction is INR 1,913 Crore. Subsequent to the balance sheet date Essar Power Ltd has sold its 100% Shareholding to Adani Transmission Step Two Limited

NOTE 46
Significant arrangement (Business Combinations)

The Company vide the Scheme of arrangement ("the Scheme") merged the Stage II Transmission Undertaking from Essar power transmission company Limited (Holding Company) with effect from the appointed date of 1st
The Scheme has been sanctioned by the Hon'ble National Company Law Tribunal (Indore Bench) vide its Order dated Feb 13, 2024
The Company has recognised the net carrying value of assets of Rs 763.40 Cr as on appointed date i.e. April 1, 2023 in the Statement of Profit and Loss. Further, in accordance with the Scheme net amount of Rs 763.40 Cr so recognised has been adjusted against / retained earnings.
Accordingly the merged undertaking comprising of the Company has been accounted for in accordance with the stipulations of Ind AS 103 - Business Combinations. The corresponding numbers in the financial statements for the previous year have been presented as if these effect were given in the prior year as well
The company shall record the assets, liabilities and reserve of the stage-II transmission undertaking vested in pursuant to the scheme, at their respective carrying values as appearing in the books of demerged company as per applicable accounting standard, at the close of business of the day immediately preceding the appointed date. Further, the identity of the reserve shall be preserved and shall appear in the books of the company as adjustment from the retained earnings

Particulars	Rs in Crores
ASSETS	
Non current assets	
Property, plant and equipment	1,303.79
Intangible assets	15.66
Current assets	
Inventories	2.14
Trade receivables	293.21
Cash and cash equivalents	23.20
Bank balances other than cash and cash equivalents	42.56
Security deposits	0.13
Other financial assets	1.55
Other current assets	0.18
Total Assets (A)	1,880.61
LIABILITIES	
Non-current liabilities	
Borrowings	944.54
Provisions	0.12
Trade payables	0.63
Borrowings	77.09
Other financial liabilities	10.11
Total Liabilities (B)	1,117.21
Excess of assets over liabilities (A-B)	[illegible]

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NEW DELHI
Chartered Accountants

Essar Transco Limited

ESSAR TRANSCO LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED March 31, 2024

Notes 47

Purpose of Preparation of Split Financial Statements

The split financials statements have been prepared for the specific purpose of demerger of 'BTRC' and further sell to Prospective buyer of 'BTRC'. Accordingly, these financials statements are abridged.

Definition of Terms

The Stage 2 Transmission Undertaking which is getting transferred and assigned to ETL is termed as 'Business transferred to Resulting company'. For the sake of brevity throughout the document it is referred as 'BTRC'.

The 'CAD' with the Remaining Business is continuing with the Company is termed as 'Company after giving effect to Demerger'. For the sake of brevity throughout the document, it is referred as 'CAD'.

Basis of preparation of split financials statements

The company, wherever, possible has identified the assets and liabilities specifically pertaining to each stage. However, some line items which cannot be identified specifically and which are common have been allocated on a logical basis. The company has followed the below mentioned principals and basis for allocation for preparation of split financials statements -

Head	Sub-head	Basis of Allocation
Non-current asset	Property, plant and equipment	Property, plant and equipment considered on identification basis except Laptops & Desktops which have been allocated on ratio of employees considered [illegible] basis, and land situated in Gurgaon has been considered in CAD
	Intangible assets	Considered on Identification basis
Financial Asset (NC) -	Current tax assets (net)	Upto March 2023, Considered in 'CAD' for administrative convenience, although tax pertains to both 'CAD' and 'BTRC', since Income Tax return has been filed by EPTCL ('CAD') in subsequent period i.e. in FY 23-24 and refund has been received
	Investments	Investments has been done by EPTCL ('CAD'), hence taken in 'CAD'
Inventory	Stores & spares	Considered on Identification basis
Financial Asset (C) -	Trade Receivables	Bifurcated on the basis of reconciliation with and confirmation by PGCIL
	Cash & Cash Equivalents (CCE)- 1. Current accounts 2. Fixed Deposits	Closing balance as at 31st March 2023 has been allocated based on the ratio of CCE as on 31st March 2022 as per understanding with the prospective buyer
	Bank balances other than CCE 1. Fixed Deposits 2. Deposits in Debt Service Reserve Accounts (DSRA)	Closing balance as at 31st March 2023 has been allocated based on the ratio of CCE as on 31st March 2022 as per understanding with the prospective buyer DSRA as at 31st March 2023 and 29th Feb 2024 for 'CAD' has been kept at same level as that of March 2022. DSRA as at 31st March 2023 and 29th Feb 2024 for 'BTRC' has been adjusted for decrease / increase in receipt of revenue for 'BTRC' as applicable
	Security Deposit	1. Identifiable - Considered on identification basis
	Other financial Assets - 1. Interest accrued on Bank deposit 2. Balance with Govt authorities	1. Interest accrued on bank deposits allocated on the basis of ratio of Closing balance of DSRA 2. Balance with Govt authorities directly identified for 'BTRC'
Current tax assets (net)	Advance Tax and Tax Deducted at Source	Upto March 2023, Considered in 'CAD' for administrative convenience, although tax pertains to both 'CAD' and 'BTRC' since Income Tax return has been filed by EPTCL ('CAD') in subsequent period i.e. in FY 23-24 and refund has been received. TDS receivable during the period Apr 2023 to Feb 2024 has been allocated as applicable to business wise Income, as the respective entity will claim the credit for Tax receivable in their income tax return separately
Other current asset	1. Prepaid expenses 2. Other advances	Considered on Identification basis
Equity share capital	Equity share capital	Considered in 'CAD'
Other Equity	Reserves & Surplus	1. Reserves & Surplus till September' 2017 i.e. before capitalization of 'BTRC' considered in CAD
	Debit Balance of Reserve Pursuant to Demerger Scheme	As per demerger Scheme
	Capital Reserve	As per demerger Scheme
Financial liabilities	Borrowings	Allocated on the ratio of project cost
	Provisions	Allocated in the ratio of manpower cost
Deferred tax (Liabilities) -	Intangible assets	Considered on identification basis
	FV Gain on Restructuring liability	Allocated in the ratio of borrowings
	Provision for Employee Benefits	Allocated in the ratio of manpower cost
	Unabsorbed depreciation	Unabsorbed Depreciation till 31st March 2018 i.e. upto the year of capitalization of 'BTRC' has been considered in CAD. The unabsorbed depreciation of the Company has been allocated in the ratio of written down value (WDV) as per Income Tax ACT for both the businesses. After commencement of both the businesses, unabsorbed Depreciation has been utilised on First in First out (FIFO) method on the basis of year of occurrence of unabsorbed depreciation. However, Since the Income Tax Returns will be filed by individual companies and unabsorbed Depreciation will be utilised by them in their individual income tax return, therefore the current year utilisation has been considered based on estimated computation of Taxable Income
	Difference in depreciation in book value of PPE as per tax book & financial books	Considered on identification basis
Trade payables	MSME & Others	1. Directly Identifiable - Considered on actual basis 2. Employee related - Allocated on the basis of Manpower cost Ratio 3. Common - Allocated on the basis of Tariff ratio
Borrowings	Borrowings	Allocated in the ratio of project cost
Other financial liability	Capital creditors - Others	It is related to a party directly identifiable for 'BTRC'
Other current liabilities	Advance from customers	It is related to two projects. Bifurcation project directly identifiable for 'CAD' and [illegible] directly identifiable for [illegible]
	Statutory dues	Upto March 2023, Considered in 'CAD' for administrative convenience, although Statutory due belongs to both 'CAD' and 'BTRC'. Since it has been paid by EPTCL ('CAD') in subsequent period i.e. in FY 23-24. Statutory dues for the period from April 2023 to Feb 2024 has been allocated to each business as applicable for the expenses allocation i.e. Employee related dues - Allocated on the basis of Manpower cost Ratio and Common expenses - Allocated on the basis of Tariff ratio
	Other payables	It is related to staff cost, hence allocated on the basis of manpower cost ratio
Revenue from Operations	Revenue from Transmission charges	1. Actual Billing - On directly Identification basis 2. Income except billing (surcharge & premium) has been considered based on Reconciliation with PGCIL
Other income	Interest income on FD	Allocated on the basis of project cost
	Unwinding of discount on security deposit	It is related to Delhi Corporate office, hence taken in CAD
	Sale of scrap	It is related to Scrap sale to a party which is directly identifiable for 'BTRC'
	Excess provision/ credit balance written back	Considered on identification basis
Employee benefit expenses	Salaries and wages	Allocated in the ratio of manpower cost as computed after segregation of employees
	Contribution to provident and other fund	
	Gratuity	
	Compensation for employee stock appreciation rights	
	Staff welfare expenses	

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Essar Transco Limited

ESSAR TRANSCO LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED March 31, 2024

Finance cost	Interest	Allocated in the ratio of borrowings
	Other borrowing costs	
	Amortisation of NPV gain on Restructuring of Loan Liability	
Depreciation & Amortisation	Depreciation & Amortisation	Considered on identification basis
Other expenses	Production consumables	Allocated on necessary holding basis
	Transmission and scheduling charges	It is related to a project which is directly identifiable for 'CAT'
	(R&M) - Plant and machinery	Considered on identification basis on the basis of work order and PO
	(R&M) - Others	
	Stamp Duty	Allocated on the basis of Tariff ratio
	Application and license fees	1. CERC fees - Directly identifiable as it is related to tariff petition for 'BTRC', hence taken in 'BTRC' 2. Remaining allocated in Tariff ratio
	Rent	1. Directly identifiable - On actual basis
	Power cost	Allocated on the basis of Tariff ratio
	Rates and taxes	Allocated on the basis of Tariff ratio
	Insurance	1. Directly identifiable - On actual basis
	Travelling and conveyance	Allocated on manpower cost ratio
	Legal and professional fees	1. Directly identifiable - On actual basis
	Security Expenses	Considered on identification basis
	Payment to Auditor	Allocated on the basis of Tariff ratio
	Sundry balance w/off	1. Directly identifiable - On actual basis
	Directors' Fee	Allocated on the basis of Tariff ratio
	Miscellaneous expenses	Allocated on the basis of Tariff ratio
	Social Welfare and Community Development	Allocated on the basis of Tariff ratio
Tax Expense	Deferred tax (credit)/expense	Based on the workings of deferred tax assets and liabilities
OCI	Remeasurement of the defined benefit plans	Allocated in manpower ratio
	Income tax effect	Allocated in manpower ratio

48 ***Notes 48***

Business Combination

Business Combinations are accounted for using the acquisition method of accounting, except for common control transactions which are accounted using the pooling of interest method that is accounted at carrying values. The excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of identifiable assets acquired and liabilities assumed is debited to Reserves and Surplus.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities assumed at their acquisition date i.e. the date on which control is acquired. Contingent consideration to be transferred is recognised at fair value and included as part of cost of acquisition. Transaction related costs are expensed in the period in which the costs are incurred.

For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Common control business combination. Business combinations involving entities or businesses that are controlled by the group are accounted using the pooling of interest method.

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ESSAR TRANSCO LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2024

Annexure A

Details of related party transactions and outstanding balance

(Rs. in Crore)

	Name of Company	HOLDING COMPANY	SUBSIDIARY	FELLOW SUBSIDIARY	ENTERPRISES COMMONLY CONTROLLED OR INFLUENCED BY MAJOR SHAREHOLDERS / DIRECTORS OF THE COMPANY	KEY MANAGEMENT PERSONNEL	TOTAL	HOLDING COMPANY	SUBSIDIARY	FELLOW SUBSIDIARY	ENTERPRISES COMMONLY CONTROLLED OR INFLUENCED BY MAJOR SHAREHOLDERS / DIRECTORS OF THE COMPANY	KEY MANAGEMENT PERSONNEL	TOTAL
Transactions during the Period		March 31, 2024						March 31, 2023					
Shares issued	EPTCL			-			-	0.05	-	-		-	0.05
Advance received	EPOL	0.10					0.10	-					
Managerial Remuneration*		-		-		-	-	-	-	-	-		-
Transaction during the Year	Mr. Kapil Singla						-						-
	Mr. Partha Bhattacharya					-	-						-
	Mrs. Shruti Verma					-	-						-
Balance as at end of the year		March 31, 2024						March 31, 2023					
Shares issued	EPTCL	0.05		-	-	-	0.05	0.05	-	-	-	-	0.05
Advance received	EPOL	0.10		-	-		0.10	-	-				
Guarantees received **	EPOL	-		-	-		-	-	-	-	-		
Advances	Mr. Kapil Singla					-	-					-	-
Payable	Mr. Partha Bhattacharya					-	-						
	Mrs. Shruti Verma					-	-						

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Essar Transco Limited

Essar Transco Limited

S S KOTHARI MEHTA
& CO. LLP
CHARTERED ACCOUNTANTS

Annexure-4

To
The Board of Directors
Essar Transco Limited

Independent Auditor's Certificate on Statement of rate of interest on long-term loan for the financial year ended 31st March 2020 to 31st March 2024.

1. This certificate is issued in accordance with the terms of our engagement letter dated 19th November 2024 with Essar Transco Limited (the 'Company').

2. The accompanying statement of rate of interest on long-term loan for the financial year ended 31st March 2020 to 31st March 2024 ('the Statement') has been prepared by the Company's management in compliance with Central Electricity Regulatory Commission (terms and condition of tariff) regulations 2019. We have been asked to verify the data being extracted from the reviewed split financial statements & audited financial statement & other records. We have initialed the Statement for identification purposes only.

Management's Responsibility for the Statement

3. The preparation of the Statement, including the preparation and maintenance of all accounting and other relevant supporting records and documents, is solely the responsibility of the management of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

4. The Management is also responsible for ensuring that the Company complies with the CERC requirements and provides all relevant information to the CERC.

Auditor's Responsibility

5. We have reviewed the special purpose reviewed split financial statements of erstwhile Essar Power Transmission Company Limited (the 'erstwhile Company'), underlying books of accounts and other records and documents maintained by the erstwhile Company for the years ended 31 March 2020 to 31 March 2023 and audited financial statements of the Company for the years ended 31 March 2020 to 31 March 2024. The financial information enclosed in Annexure-A is extracted from the special purpose reviewed split financial statements for the years ended 31 March 2020 to 31 March 2024.

6. The reviewed/audited financial statements, referred to in paragraph 5 above for the years ended 31 March 2020 to 31 March 2024 have been reviewed/audited by us, on which we have issued an unmodified audit opinion vide our audit report dated 7th August 2024 and review report dated 19th November 2024. The review of these financial statements were conducted in accordance with the

SS KOTHARI MEHTA
& CO. LLP
CHARTERED ACCOUNTANTS

Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('The Guidance Note') issued by the Institute of Chartered Accountants of India (The 'ICAI'). The audit of these financial

statements were conducted in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Those Standards require that the auditor plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('The Guidance Note') issued by the Institute of Chartered Accountants of India (The 'ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics, issued by the ICAI.

8. We have complied with the relevant applicable requirements of the Standard of Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements', issued by the ICAI.

9. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The procedures selected depend on the auditor's judgment, including the assessment of areas where a material misstatement of the subject matter information is likely to arise. We have performed the following procedures in relation to the Statement.

    a) Obtained the reviewed/audited financial statement and underlying books of accounts for the years ended 31st March 2020 to 31st March 2024.
    b) Obtained agreements executed between the Company and Adani Transmission Step-Two Limited for loans taken by the Company.
    c) Tested the numbers included in the Statement from the audited financial statements and underlying books of accounts and other records and documents maintained by the Company and recomputed the weighted average rate of interest on actual long-term loans for FY 2019-20 to 2023-24.
    d) Obtained necessary representations from the Management of the Company.

Conclusion

10. Based on our examination as above, evidences obtained, and the information and explanations, along with the representations provided by the Management, nothing has come to our attention that cause us to believe that the particulars that form part of the Statement, have not been accurately extracted from the reviewed the special purpose reviewed split financial statements of erstwhile Essar Power Transmission Company Limited (the 'erstwhile Company'), underlying books of accounts and other

S S KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

Essar Transco Limited

SS KOTHARI MEHTA
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CHARTERED ACCOUNTANTS

records and documents maintained by the erstwhile Company for the years ended 31 March 2020 to 31 March 2023 and audited financial statements of the Company for the years ended 31 March 2020 to 31 March 2024. The financial information enclosed in Annexure-A is extracted from the special purpose reviewed split financial statements for the years ended 31 March 2020 to 31 March 2024.

Restriction on Distribution or Use

11. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the CERC provisions. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.

12. The certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of enabling it to comply with the CERC requirements which require it to submit the certificate with the accompanying Statement to CERC, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other party to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **S S Kothari Mehta & Co. LLP**
Chartered Accountants
Firm Registration No. 000756N/N500441

SS KOTHARI MEHTA & CO. LLP NEW DELHI Chartered Accountants

(Neeraj Bansal)
Partner
Membership No. 095960

Place: Delhi
Date: 19-11-2024
UDIN: 24095960BKFAKA3655

Essar Transco Limited

Essar Transco Limited

Annexure - A

Long Term Borrowing

(Rs. Crore)

Source of Borrowing	Financial Year	Opening balance	Net Loan Movement	Closing balance	Rate of interest
Rural Electrification Corporation Limited (REC)	2019-20	887.04	224.66	662.39	14.50%
	2020-21	662.39	40.52	621.87	14.50%
	2021-22	621.87	71.21	550.66	14.50%
	2022-23	550.66	40.52	510.14	14.50%
	2023-24	510.14	40.52	469.62	14.50%

(Rs. Crore)

Source of Borrowing	Financial Year	Opening balance	Net Loan Movement	Closing balance	Rate of interest
Power Finance Corporation	2019-20	349.71	88.57	261.14	14.50%
	2020-21	261.14	15.98	245.16	14.50%
	2021-22	245.16	28.07	217.09	14.50%
	2022-23	217.09	15.97	201.12	14.50%
	2023-24	201.12	15.97	185.14	14.50%

(Rs. Crore)

Source of Borrowing	Financial Year	Opening balance	Net Loan Movement	Closing balance	Rate of interest
Axis Bank	2019-20	105.40	19.90	85.50	14.50%
	2020-21	85.50	11.61	73.89	14.50%
	2021-22	73.89	8.49	65.40	14.50%
	2022-23	65.40	5.42	59.98	14.50%
	2023-24	59.98	4.81	55.16	14.50%

(Rs. Crore)

Source of Borrowing	Financial Year	Opening balance	Repaid	Closing balance	Rate of interest
Total Rupee Term Loan	2019-20	1,342.15	333.12	1,009.03	14.50%
	2020-21	1,009.03	68.10	940.93	14.50%
	2021-22	940.93	107.77	833.15	14.50%
	2022-23	833.15	61.92	771.23	14.50%
	2023-24	771.23	61.30	709.93	14.50%

Note

1. Interest rate on Rupee Term Loan have remained same, i.e. 14.50% for the financial year ended March 31, 2020 to March 31, 2024

The Normative Loan approved by Hon'ble CERC as on 31.03.2020 is Rs. 1006.26 Cr, against the actual outstanding loan availed by ETL from lenders of Rs. 1009.03 Cr (31.03.2020) after restructuring. Accordingly, the weightage average rate of intrest has been certified based on the actual outstanding loan availed by ETL.

For **Essar Transco Limited**

Authorised Signatory
Date: 19th November 2024

Essar Transco Limited

Essar Transco Limited

For **S S Kothari Mehta & Co. LLP**
Chartered Accountants
Firm Registration No. 000756N/N500441

Neeraj Bansal
Partner
Membership No. 095960
Place: Delhi
Date: 19-11-2024
UDIN: 24095960BKFAKA3655

S S Kothari Mehta & Co. LLP
New Delhi
Chartered Accountants

Annexure-5A

Appendix-I

PART-III

TARIFF FILING FORMS (TRANSMISSION & COMMUNICATION SYSTEM)

FOR TRUE UP OF TARIFF
FY 2019-20 to FY 2023-24

Essar Transco Limited

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PART-III

Checklist of Forms and other information/ documents for tariff filing for Transmission System & Communication System

Form No.	Title of Tariff Filing Forms (Transmission & Communication System)	Tick
FORM- 1	Summary of Tariff	Y
FORM- 1A	Summary of Asset level cost	Y
FORM-2	Details of Transmission Lines and Substations and Communication System covered in the project scope and O&M for instant asset	Y
FORM-3	Normative parameters considered for tariff computations	Y
FORM- 4	Abstract of existing transmission assets/elements under project, Determination of Effective COD and Weighted Average Life for single AFC for the project as whole.	NA
FORM- 4A	Statement of Capital cost	NA
FORM- 4B	Statement of Capital Works in Progress	NA
FORM- 4C	Abstract of Capital Cost Estimates and Schedule of Commissioning for the New Project/Element	NA
FORM-5	Element wise Break-up of Project/Asset/Element Cost for Transmission System or Communication System	NA
FORM-5A	Break-up of Construction/Supply/Service packages	NA
FORM-5B	Details of all the assets covered in the project	NA
FORM- 6	Actual Cash Expenditure and Financial Package up to COD	Y
FORM- 7	Statement of Additional Capitalisation after COD	Y
FORM- 7A	Financing of Additional Capitalisation	Y
FORM- 7B	Statement of Additional Capitalisation during five year before the end of the useful life of the project.	NA
FORM- 8	Calculation of Return on Equity	Y
FORM-8A	Details of Foreign Equity	NA
FORM-9	Details of Allocation of corporate loans to various transmission elements	NA
FORM-9A	Details of Project Specific Loans	NA
FORM-9B	Details of Foreign loans	NA
FORM-9C	Calculation of Weighted Average Rate of Interest on Actual Loans	Y
FORM-9D	Loans in Foreign Currency	NA
FORM-9E	Calculation of Interest on Normative Loan	Y
FORM- 10	Calculation of Depreciation Rate	Y
FORM- 10A	Statement of Depreciation	Y
FORM- 10B	Statement of De-capitalisation	NA
FORM- 11	Calculation of Interest on Working Capital	Y
FORM- 12	Details of time over run	NA
FORM- 12A	Incidental Expenditure during Construction	NA
FORM- 12B	Calculation of IDC & Financing Charges	NA
FORM- 13	Breakup of Initial spares	NA
FORM- 14	Non-Tariff Income	NA
FORM- 15	Summary of issue involved in the petition	Y
FORM A	Summary of Capital Cost & Annual Fixed Cost (AFC) Claimed for ALL the assets covered in the present petition.	Y

Essar Transco Limited

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PART-III

Checklist of Forms and other information/ documents for tariff filing for Transmission System & Communication System

Other Information/ Documents		
Sl. No.	**Information/Document**	**Tick**
1	Certificate of incorporation, Certificate for Commencement of Business, Memorandum o: Association, & Articles of Association (For New Project(s) setup by a company making tariff application for the first time to CERC)	NA
2	Region wise and Corporate audited Balance Sheet and Profit & Loss Accounts with all the Schedules & annexures for the new Transmission System & Communication System for the relevant years.	NA
3	Copies of relevant loan Agreements	NA
4	Copies of the approval of Competent Authority for the Capital Cost and Financial package.	NA
5	Copies of the Equity participation agreements and necessary approval for the foreign equity	NA
6	Copies of the BPTA/PPA with the beneficiaries, if any	NA
7	Detailed note giving reasons of cost and time over run, if applicable.	
	List of supporting documents to be submitted:	
	a. Detailed Project Report	
	b. CPM Analysis	
	c. PERT Chart and Bar Chart	
	d. Justification for cost and time Overrun	NA
8	Transmission Licensee shall submit copy of Cost Audit Report along with cost accounting records, cost details, statements, schedules etc. for the transmission system as submitted to the Govt. of India for first two years i.e. 2019-20 and 2020-21 at the time of mid-term true-up in 2021- 22 and for balance period of tariff period 2019-24 at the time of final true-up in 2024-25. In case of initial tariff filing the latest available Cost Audit Report should be furnished.	NA
9	BBMB is maintaining the records as per the relevant applicable Acts. Formats specified herein may not be suitable to the available information with BBMB. BBMB may modify formats suitably as per available information to them for submission of required information for tariff purpose.	NA
10	Any other relevant information, (Please specify)	

Note1: Electronic copy of the petition (in word format) and detailed calculation as per these formats (in excel format) and any other information submitted shall also be furnished in the form of CD/Floppy disc.

Essar Transco Limited

PART-III
FORM- 1

Summary of Tariff

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Sr. No.	Particulars	Form No	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6	7	8
1.1	Depreciation	Form 10A	6,224	6,224	6,224	6,224	6,224
1.2	Interest on Loan	Form 9E	11,792	10,890	9,987	9,085	8,182
1.3	Return on Equity[1]	Form 8	5,669	5,669	5,669	5,669	5,669
1.4	Interest on Working Capital	Form 11	381	344	310	299	329
1.5	O & M Expenses	Form 2	563	583	603	625	646
	Total		**24,629**	**23,710**	**22,794**	**21,901**	**21,050**

Note: This Form is a summary form and the Data to this from should flow from other base forms.

Essar Transco Limited

Petitioner

PART-III
FORM- 1

Summary of Tariff

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

A) Summary of Capital Cost, Means of Finance of the Asset

Particulars	Summary of Actual / Projected Capital Expenditure incurred						
	As on 31.03.2019	2019-20	2020-21	2021-22	2022-23	2023-24	As on 31.03.2024
Transmission Line	114,018	-	-	-	-	-	114,018
Substation eqipments	3,861	-	-	-	-	-	3,861
Free hold Land	-	-	-	-	-	-	-
Leasehold Land	-	-	-	-	-	-	-
PLCC	-	-	-	-	-	-	-
Furniture / Fixture	-	-	-	-	-	-	-
Building & Civil Works	-	-	-	-	-	-	-
Office Equipments	-	-	-	-	-	-	-
Total	**117,879**	-	-	-	-	-	**117,879**

Essar Transco Limited

Petitioner

PART-III
Form 2

Details of Transmission Lines, Substations and Communication System covered in the project scope and O&M for instant asset

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

1) Transmission lines

Sr. No.	Name of line	Type of line AC/HVDC	S/C or D/C	No. of Sub-Conductors	Voltage level kV	Line length KM	Line length CKM	Date of Commercial operation	Covered in the present petition	
									Yes/No	If No, Petition No.
1	Mahan - Sipat Line (Part-A)	AC	D/C	Quad Bersimis	400 Kv	337	673	9/22/2015	Y	-

Summary:

O&M Expenses for Transmission lines covered in the instant petition	2019-20	2020-21	2021-22	2022-23	2023-24
Normative rate of O&M as per Regulation - Double Circuit (Bundled conductor with four or more sub-conductors)	1.32	1.37	1.42	1.47	1.52
Length in km	337	337	337	337	337
O&M Claimed	445	460	476	493	510

2) Substations

Sr. No.	Name of Sub-station	Type of Substation	Voltage level kV	No. of transformers / Reactors/ SVC etc. (with capacity)	No. of Bays	MVA Capacity	Date of Commercial Operation	Covered in the present Petition	
					400 kV	400 kV		Yes/No	If No, petition No.
I	**AC Substations**								
1.1	Mahan Substation	AC	400 kV	2 No. of 400kV Line bays	2	-		Y	-
1.2	Sipat Substation	AC	400 kV	2 No. of 400 kV Line Bays	2	-		Y	-
1.3	Mahan Substation	AC	400 kV	2x50 MVAR line reactors at Mahan Switchyard	2			Y	-
1.4	Mahan Substation	AC	400 kV	1x80 MVAR, 420 kV switchable bus reactor at Mahan TPS along with its associated 400 kV bay	1			Y	-

Summary:

O&M Expenses for substation covered in the instant petition	2019-20	2020-21	2021-22	2022-23	2023-24
Normative rate of O&M as per Regulation	32.15	33.28	34.45	35.66	36.91
No. of Bays	7	7	7	7	7
O&M Claimed	225	233	241	250	258

Note: 1. Number of bays is inclusive of line bays, ICT bays, reactor bays etc. Each ICT bays, line bays, reactor bays shall be considered separately for purpose of O&M expenses.
2. The MVA Capacity shall exclude the capacity of reactor, FSE, Stat Com

Essar Transco Limited

PART-III
Form 2

Details of Transmission Lines, Substations and Communication System covered in the project scope and O&M for instant asset

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

3) Communication System:

S. No.	Name of Communication System	Type of Communication System	Technical Particulars	Number/ Length	Date of Commercial Operation	Covered in the present Petition	
						Yes/No	If No, Petition No.
1							

Summary:

O& M Expenses for the Communication System covered in the instant	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses as per regulations	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost
Estimated O&M Expense	-	-	-	-	-
The original project cost / Asset related to the communication system	0				

3) Summary of O&M Expenses claim:

Sr. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	A) Normative O&M					
	Transmission Line	338	350	362	375	388
	Substation	225	233	241	250	258
	Communication system	-	-	-	-	-
	Total Normative O&M	563	583	603	625	646
	B) O&M Claimed under Regulation 35 (3)(c)					
	Security Expenses	-	-	-	-	-
	Capital Spares consumed	-	-	-	-	-
	Total	-	-	-	-	-
	Total O&M Expenses claimed	**563**	**583**	**603**	**625**	**646**

Note: The security expenses and Capital Spares are to be submitted on estimated basis for the purpose of O&M expenses. In case of additional security deployed, the petitioner shall indicate the same. The actual security and Capital Spares expenses to be provided at the time of true up

Petitioner

Essar Transco Limited

PART-III
FORM-3

Normative Parameters considered for tariff calculations

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

Year Ending March

Particulars	Unit	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	4	5	6	7	8
Base Rate of Return on Equity	%	15.50%	15.50%	15.50%	15.50%	15.50%
Base Rate of Return on Equity on Additional Capitalization after Cut-off Date[1]	%					
Tax Rate	%	17.472%	17.472%	17.472%	17.472%	17.472%
Effective Tax Rate[2]						
Grossed-up Rate of Return on Equity	%	18.78%	18.78%	18.78%	18.78%	18.78%
Target Availability - HVDC System	%	95%	95%	95%	95%	95%
Target Availability - AC System	%	98%	98%	98%	98%	98%
Normative O&M per km	Rs. Lakh	As shown in Form 2				
Normative O&M per bay	Rs. Lakh					
Normative O&M per MVA	Rs. Lakh					
Spares for WC as % of O&M	%	15%	15%	15%	15%	15%
Receivables in Days for WC	Days	45	45	45	45	45
Bank Rate as on first day of financial year[3]	%	12.05%	11.25%	10.50%	10.50%	12.00%

1. The additional capitalization on account of Change-in-Law to be excluded and To be equivalent to Weighted Average Rate of Loan in accordance with first Proviso to Regulation 30.
2. To be supported by necessary documents and calculations. Effective tax rate is to be computed in accordance with Regulation 31 i.e. actual tax (or estimated tax)/gross income, where gross income refers the profit before tax.
3. For Tariff Petition, it should be 1.4.2019, while for True-up Petition, it should be 1st April of the respective financial years.

Petitioner

Essar Transco Limited

PART-III
FORM- 7

Statement of Additional Capitalisation after COD

Name of the transmission Asset:	400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)
Commercial Operation Date:	9/22/2018

A) ACE for the year : _______@ (Actual/Projected)

(Amount in Rs. Lakh)

FY 2019-20				
Particulars	**Addition into Gross Block a during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
Freehold Land	-	-		-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2020-21				
Particulars	**Addition into Gross Block a during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2021-2022				
Particulars	**Addition into Gross Block a during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2022-2023				
Particulars	**Addition into Gross Block a during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2023-2024				
Particulars	**Addition into Gross Block a during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

B) Regulation wise ACE claim on Cash basis

Regulation No	**Particulars**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Reg. 26	**ACE beyond the original scope:**					
26 (1) (a)	Liabilities to meet award of arbitration etc.					
26 (1) (b)	Change in law or compliance of any existing law;		-			
26 (1) (c)	Force Majeure Events;					
26(1) (d)	Need for higher security and safety of the plant….	-				
Total Under Regulation 26		-	-	-	-	-

Note:
1. In case the true up, provide the ACE allowed in final tariff and enclose the copy of the tariff order(s).
2. Year wise details of the Work/Equipment proposed to be added after COD upto Cut-off Date/ beyond Cut- off Date has to be provided along with justification.
In case of de-capitalisation of assets details to be furnished in Form 10B.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 7A

Financing of Additional Capitalisation

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Financial Year	Actual/Projected					Admitted				
	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6	8	9	10	11	12
Amount capitalised in Work/Equipment	-	-	-	-	-	-	-			
						-	-			
Financing Details						-	-			
Loan	-	-	-	-	-	-	-			
						-	-			
Total Loan	-	-	-	-	-	-	-			
						-	-			
Equity *	-	-	-	-	-	-	-			
						-	-			
Total Equity	-	-	-	-	-	-	-			
						-	-			
Others	-	-	-	-	-	-	-			
						-	-			
Total	-	-	-	-	-	-	-			

Note:

1 Year 1 refers to Financial Year of COD in case of new elements. For existing elements it is from 2014-15 and Year 2, Year 3 etc. are the subsequent financial years respectively.

2 Loan details for meeting the additional capitalisation requirement should be given as per FORM-9 or 9(A) whichever is relevant.

*Includes equity brought through reserves and surplus and internal cash accruals

(Petitioner)

Essar Transco Limited

PART-III
FORM- 8

Calculation of Return on Equity at Normal Rate

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

S.No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6	7
	No. of Days in the year	**366**	**365**	**365**	**365**	**366**
	No. of days for which tariff claimed	**366**	**365**	**365**	**365**	**366**
	Opening Normative Equity	30,185	30,185	30,185	30,185	30,185
	Less: Adjustment in Equity*	-	-	-	-	-
	Adjustment during the year	-	-	-	-	-
	Net Opening Equity (Normal)	30,185	30,185	30,185	30,185	30,185
	Add: Increase in Equity due to addition during the year/period	-	-	-	-	-
	Less: Decrease due to de-capitalisation during the year	-	-	-	-	-
	Less: Decrease due to de-capitalisation during the year/period.	-	-	-	-	-
	Add: Increase due to discharges during the year/period	-	-	-	-	-
	Closing Normative Equity	30,185	30,185	30,185	30,185	30,185
	Average Normative Equity	30,185	30,185	30,185	30,185	30,185
	Rate of Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
	Reduced rate of 1% decided by commission under Regulation 30 (2) (if any)					
	Effective tax rate / MAT rate for the respective years	17.47%	17.47%	17.47%	17.47%	17.47%
	Rate of Return on Equity (Pre Tax)	18.78%	18.78%	18.78%	18.78%	18.78%
	Return on Equity on project cost till Cutoff date (Pre Tax)	5,669	5,669	5,669	5,669	5,669

Note: 1 Adjustment of equity as per Proviso to Regulation 18(3) of 2019 Tariff Regulations.

2. In respect to Equity infusion the Generating Company is required to substantiate with supporting documents such as board resolutions, balance sheet/ reconciliation statement with balance sheet.

(Petitioner)

Essar Transco Limited

Calculation of Weighted Average Rate of Interest on Actual Loans

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Rs. Crs)

Sl. no.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	2					
1	**Rural Electrification Corporation Limited (REC)**					
	Net loan - Opening	887.04	662.39	621.87	550.66	510.14
	Add: Drawal(s) during the Year	-	-	-	-	-
	Less: Net Loan Movement	224.66	40.52	71.21	40.52	40.52
	Net loan - Closing	662.39	621.87	550.66	510.14	469.62
	Average Net Loan	729.52	642.13	586.26	530.40	489.88
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%	14.50%	14.50%	14.50%	14.50%
	Interest on loan	105.78	93.11	85.01	76.91	71.03
2	**Power Finance Corporation (PFC)**					
	Net loan - Opening	349.71	261.14	245.16	217.09	201.12
	Add: Drawal(s) during the Year	-	-	-	-	-
	Less: Net Loan Movement	88.57	15.98	28.07	15.97	15.97
	Net loan - Closing	261.14	245.16	217.09	201.12	185.14
	Average Net Loan	287.61	253.15	231.13	209.11	193.13
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%	14.50%	14.50%	14.50%	14.50%
	Interest on loan	41.70	36.71	33.51	30.32	28.00
3	**Axis Bank**					
	Net loan - Opening	105.40	85.50	73.89	65.40	59.98
	Add: Drawal(s) during the Year	-	-	-	-	-
	Less: Net Loan Movement	19.90	11.61	8.49	5.42	4.81
	Net loan - Closing	85.50	73.89	65.40	59.98	55.16
	Average Net Loan	89.88	79.70	69.65	62.69	57.57
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%	14.50%	14.50%	14.50%	14.50%
	Interest on loan	13.03	11.56	10.10	9.09	8.35
4	**Total Loan**					
	Net loan - Opening	1,342.15	1,009.03	940.93	833.15	771.23
	Add: Drawal(s) during the Year	-	-	-	-	-
	Less: Repayment (s) of Loans during the year	333.12	68.10	107.77	61.92	61.30
	Net loan - Closing	1,009.03	940.93	833.15	771.23	709.93
	Average Net Loan	1,175.59	974.98	887.04	802.19	740.58
	Interest on loan	160.52	141.37	128.62	116.32	107.38
	Weighted average Rate of interest on Loans	14.50%	14.50%	14.50%	14.50%	14.50%

Essar Transco Limited

(Petitioner)

PART-III
FORM-9E

Calculation of Interest on Normative Loan

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6
Gross Normative loan - Opening	87,695	87,695	87,695	87,695	87,695
Cumulative repayment of Normative Loan upto previous year	3,257	9,481	15,705	21,929	28,153
Net Normative loan - Opening	84,438	78,214	71,990	65,766	59,542
Increase/Decrease due to ACE/de- capitalization during the Year	-	-	-	-	-
Repayments of Normative Loan during the year	6,224	6,224	6,224	6,224	6,224
Net Normative loan - Closing	78,214	71,990	65,766	59,542	53,318
Average Normative Loan	81,326	75,102	68,878	62,654	56,430
Weighted average Rate of Interest of actual Loans	14.50%	14.50%	14.50%	14.50%	14.50%
Interest on Normative loan for the Period/Year	**11,792**	**10,890**	**9,987**	**9,085**	**8,182**

Note:

1. At the time of true-up net savings as a result of refinancing of loans may be provided along with adjustments of sharing.

Essar Transco Limited

(Petitioner)

Calculation of Depreciation Rate

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2019	Additional Capitalization During FY 2019-20	Gross Block as on 31.03.2020	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for FY 2019-20
	1	2	3	4	5	6= average(col.2,col.4) X Col.5
1	Transmission Line	114,018	-	114,018	5.28%	6,020
2	Substation eqipments	3,861	-	3,861	5.28%	204
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Building & Civil Works	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
TOTAL		**117,879**	-	**117,879**	**5.28%**	**6,224**
Weighted Average Rate of Depreciation (%)						**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2020	Additional Capitalization During FY 2020-21	Gross Block as on 31.03.2021	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for FY 2020-21
	1	2	3	4	5	6= average(col.2,col.4) X Col.5
1	Transmission Line	114,018	-	114,018	5.28%	6,020
2	Substation equipments	3,861	-	3,861	5.28%	204
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Building & Civil Works	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
TOTAL		**117,879**	-	**117,879**	**5.28%**	**6,224**
Weighted Average Rate of						**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2021	Additional Capitalization During FY 2021-22	Gross Block as on 31.03.2022	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for FY 2021-22
	1	2	3	4	5	6= average(col.2,col.4) X Col.5
1	Transmission Line	114,018	-	114,018	5.28%	6,020
2	Substation eqipments	3,861	-	3,861	5.28%	204
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
TOTAL		**117,879**	-	**117,879**	**5.28%**	**6,224**
Weighted Average Rate of Depreciation (%)						**5.28%**

Essar Transco Limited

PART-III
FORM- 10

Calculation of Depreciation Rate

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2022	Additional Capitalization During FY 2022-23	Gross Block as on 31.03.2023	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for FY 2022-23
	1	2	3	4	5	6= average(col.2,col.4) X Col.5
1	Transmission Line	114,018	-	114,018	5.28%	6,020
2	Substation eqipments	3,861	-	3,861	5.28%	204
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
TOTAL		**117,879**	-	**117,879**	**5.28%**	**6,224**
Weighted Average Rate of						**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2023	Additional Capitalization During FY 2023-24	Gross Block as on 31.03.2024	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for FY 2023-24
	1	2	3	4	5	6= average(col.2,col.4) X Col.5
1	Transmission Line	114,018	-	114,018	5.28%	6,020
2	Substation eqipments	3,861	-	3,861	5.28%	204
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
TOTAL		**117,879**	-	**117,879**	**5.28%**	**6,224**
Weighted Average Rate of						**5.28%**

Note:

1. Name of the Assets should conform to the description of the assets mentioned in Depreciation Schedule appended to the Notification.

(Petitioner)

Essar Transco Limited

PART-III
FORM- 10A

Statement of Depreciation

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
(1)	(2)	(4)	(5)	(6)	(7)	(8)
1	Opening Capital Cost	117,879	117,879	117,879	117,879	117,879
2	Closing Capital Cost	117,879	117,879	117,879	117,879	117,879
3	**Average Capital Cost**	**117,879**	**117,879**	**117,879**	**117,879**	**117,879**
4	Freehold land	-	-	-	-	-
5	Rate of depreciation	5.28%	5.28%	5.28%	5.28%	5.28%
6	Depreciable value	106,091	106,091	106,091	106,091	106,091
7	Balance useful life at the beginning of the period					
8	Remaining depreciable value	102,834	96,610	90,386	84,162	77,938
9	**Depreciation (for the period)**	**6,224**	**6,224**	**6,224**	**6,224**	**6,224**
10	**Depreciation (annualised)**	**6,224**	**6,224**	**6,224**	**6,224**	**6,224**
11	Cumulative depreciation at the end of the period^	9,481	15,705	21,929	28,153	34,377
12	Less: Cumulative depreciation adjustment on account of de-capitalisation	-	-	-	-	-
13	Net Cumulative depreciation at the end of the period	9,481	15,705	21,929	28,153	34,377

Essar Transco Limited

(Petitioner)

PART-III
FORM- 11

Calculation of Interest on Working Capital

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	**2**	**4**	**5**	**6**	**7**	**8**
1	O & M Expenses	47	49	50	52	54
2	Maintenance Spares	84	87	90	94	97
3	Receivables	3,028	2,923	2,810	2,700	2,588
4	**Total Working Capital**	**3,160**	**3,059**	**2,951**	**2,846**	**2,739**
5	Rate of Interest	12.05%	11.25%	10.50%	10.50%	12.00%
6	**Interest on Working Capital**	**381**	**344**	**310**	**299**	**329**

Essar Transco Limited

(Petitioner)

PART-III
FORM- 15

Summary of issue involved in the petition

1	Name of the Petitioner	Essar Transco Limited
2	Petition Category	Transmission
3	Tariff Period	2019-24
4	Name of the Project	400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)
5	Investment Approval date	
6	SCOD of the Project	
7	Actual COD of the project	43,365
8	Whether entire scope is covered in the present petition.	Yes
9	No. of Assets covered in instant petition	1
10	No. of Assets having time over run	Nil
11	Estimated Project Cost as per IA	
12	Is there any REC? if so, provide the date	No
13	Revised Estimated Project Cost (if any)	Nil
14	Completion cost for all the assets covered in the instant petition	
15	No. of Assets covered in instant petition and having cost overrun	Nil
16	Prayer in brief	
17	Key details and any Specific issue involved	
18	Respondents	
	Name of Respondents	
	Central Transmission Utility of India Limited	
	Power grid Corporation of India Limited	
	Power system Operation Corporation Limited	
	Western Region Power Committee	
	M.P. Power Management Company Limited	
	Western Regional Load Despatch Centre	
	Mahan Energen Limited(formerly Essar Power M.P. Limited)	

Petitioner

Essar Transco Limited

Summary of Capital Cost & Annual Fixed Cost (AFC) Claimed for ALL the assets covered in the present petition.

Name of the Petitioner	**Essar Transco Limited**
Tariff Period 2019-24	2019-24
Name of the Transmission Project	400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)
COD of the Project(if entire scope of project is completed)	

A) Summary of Capital Cost as on COD and Additional Capital Expenditure claimed for all the assets Covered in the instant petition.

Sr. No.	Asset No.	COD	Cut off date	Summary of Actual / Projected Capital Cost						Capital Cost as on 31.03.2024
				As on 31-03-2019	2019-20	2020-21	2021-22	2022-23	2023-24	
1	Part-A	9/22/2018	3/31/2021	117,879	-	-	-	-	-	117,879
Total Capital Cost Claimed										**117,879**

B) Summary of Annual Fixed Cost (AFC) claimed for all the assets covered in the instant petition.

Sr. No.	Asset No.	2019-20	2020-21	2021-22	2022-23	2023-24
1	Part-A	24,629	23,710	22,794	21,901	21,050
Total AFC for all the Assets		**24,629**	**23,710**	**22,794**	**21,901**	**21,050**

Essar Transco Limited

Annexure-5B

Appendix-I

PART-III

TARIFF FILING FORMS (TRANSMISSION & COMMUNICATION SYSTEM)

FOR TRUE UP OF TARIFF
FY 2019-20 to FY 2023-24

Essar Transco Limited

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PART-III

Checklist of Forms and other information/ documents for tariff filing for Transmission System & Communication System

Form No.	Title of Tariff Filing Forms (Transmission & Communication System)	Tick
FORM- 1	Summary of Tariff	Y
FORM- 1A	Summary of Asset level cost	Y
FORM-2	Details of Transmission Lines and Substations and Communication System covered in the project scope and O&M for instant asset	Y
FORM-3	Normative parameters considered for tariff computations	Y
FORM- 4	Abstract of existing transmission assets/elements under project, Determination of Effective COD and Weighted Average Life for single AFC for the project as whole.	NA
FORM- 4A	Statement of Capital cost	NA
FORM- 4B	Statement of Capital Works in Progress	NA
FORM- 4C	Abstract of Capital Cost Estimates and Schedule of Commissioning for the New Project/Element	NA
FORM-5	Element wise Break-up of Project/Asset/Element Cost for Transmission System or Communication System	NA
FORM-5A	Break-up of Construction/Supply/Service packages	NA
FORM-5B	Details of all the assets covered in the project	NA
FORM- 6	Actual Cash Expenditure and Financial Package up to COD	Y
FORM- 7	Statement of Additional Capitalisation after COD	Y
FORM- 7A	Financing of Additional Capitalisation	Y
FORM- 7B	Statement of Additional Capitalisation during five year before the end of the useful life of the project.	NA
FORM- 8	Calculation of Return on Equity	Y
FORM-8A	Details of Foreign Equity	NA
FORM-9	Details of Allocation of corporate loans to various transmission elements	NA
FORM-9A	Details of Project Specific Loans	NA
FORM-9B	Details of Foreign loans	NA
FORM-9C	Calculation of Weighted Average Rate of Interest on Actual Loans	Y
FORM-9D	Loans in Foreign Currency	NA
FORM-9E	Calculation of Interest on Normative Loan	Y
FORM- 10	Calculation of Depreciation Rate	Y
FORM- 10A	Statement of Depreciation	Y
FORM- 10B	Statement of De-capitalisation	NA
FORM- 11	Calculation of Interest on Working Capital	Y
FORM- 12	Details of time over run	NA
FORM- 12A	Incidental Expenditure during Construction	NA
FORM- 12B	Calculation of IDC & Financing Charges	NA
FORM- 13	Breakup of Initial spares	NA
FORM- 14	Non-Tariff Income	NA
FORM- 15	Summary of issue involved in the petition	Y
FORM A	Summary of Capital Cost & Annual Fixed Cost (AFC) Claimed for ALL the assets covered in the present petition.	Y

Essar Transco Limited

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PART-III

Checklist of Forms and other information/ documents for tariff filing for Transmission System & Communication System

Other Information/ Documents		
Sl. No.	**Information/Document**	**Tick**
1	Certificate of incorporation, Certificate for Commencement of Business, Memorandum o: Association, & Articles of Association (For New Project(s) setup by a company making tariff application for the first time to CERC)	NA
2	Region wise and Corporate audited Balance Sheet and Profit & Loss Accounts with all the Schedules & annexures for the new Transmission System & Communication System for the relevant years.	NA
3	Copies of relevant loan Agreements	NA
4	Copies of the approval of Competent Authority for the Capital Cost and Financial package.	NA
5	Copies of the Equity participation agreements and necessary approval for the foreign equity	NA
6	Copies of the BPTA/PPA with the beneficiaries, if any	NA
7	Detailed note giving reasons of cost and time over run, if applicable.	
	List of supporting documents to be submitted:	
	a. Detailed Project Report	
	b. CPM Analysis	
	c. PERT Chart and Bar Chart	
	d. Justification for cost and time Overrun	NA
8	Transmission Licensee shall submit copy of Cost Audit Report along with cost accounting records, cost details, statements, schedules etc. for the transmission system as submitted to the Govt. of India for first two years i.e. 2019-20 and 2020-21 at the time of mid-term true-up in 2021- 22 and for balance period of tariff period 2019-24 at the time of final true-up in 2024-25. In case of initial tariff filing the latest available Cost Audit Report should be furnished.	NA
9	BBMB is maintaining the records as per the relevant applicable Acts. Formats specified herein may not be suitable to the available information with BBMB. BBMB may modify formats suitably as per available information to them for submission of required information for tariff purpose.	NA
10	Any other relevant information, (Please specify)	

Note1: Electronic copy of the petition (in word format) and detailed calculation as per these formats (in excel format) and any other information submitted shall also be furnished in the form of CD/Floppy disc.

Essar Transco Limited

PART-III
FORM- 1

Summary of Tariff

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Sr. No.	Particulars	Form No	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6	7	8
1.1	Depreciation	Form 10A	1,784	1,784	1,784	1,784	1,784
1.2	Interest on Loan	Form 9E	3,379	3,121	2,862	2,603	2,345
1.3	Return on Equity[1]	Form 8	1,625	1,625	1,625	1,625	1,625
1.4	Interest on Working Capital	Form 11	107	96	87	83	91
1.5	O & M Expenses	Form 2	107	110	114	118	123
	Total		**7,001**	**6,735**	**6,471**	**6,213**	**5,967**

Note: This Form is a summary form and the Data to this from should flow from other base forms.

Essar Transco Limited *

Petitioner

PART-III
FORM- 1

Summary of Tariff

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

A) Summary of Capital Cost, Means of Finance of the Asset

Particulars	Summary of Actual / Projected Capital Expenditure incurred						
	As on 31.03.2019	2019-20	2020-21	2021-22	2022-23	2023-24	As on 31.03.2024
Transmission Line	33,779	-	-	-	-	-	33,779
Substation eqipments	-	-	-	-	-	-	-
Free hold Land	-	-	-	-	-	-	-
Leasehold Land	-	-	-	-	-	-	-
PLCC	-	-	-	-	-	-	-
Furniture / Fixture	-	-	-	-	-	-	-
Building & Civil Works	-	-	-	-	-	-	-
Office Equipments	-	-	-	-	-	-	-
Total	**33,779**	**-**	**-**	**-**	**-**	**-**	**33,779**

Essar Transco Limited

Petitioner

PART-III
Form 2

Details of Transmission Lines, Substations and Communication System covered in the project scope and O&M for instant asset

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

1) Transmission lines

Sr. No.	Name of line	Type of line AC/HVDC	S/C or D/C	No. of Sub-Conductors	Voltage level kV	Line length KM	Line length CKM	Date of Commercial operation	Covered in the present petition	
									Yes/No	If No, Petition No.
1	Mahan - Sipat Line (Part-B)	AC	D/C	Quad Bersimis	400 kV	337	673	9/22/2018	Y	-

Summary:

O&M Expenses for Transmission linces covered in the instant petition	2019-20	2020-21	2021-22	2022-23	2023-24
Normative rate of O&M as per Regulation - Double Circuit (Bundled conductor with four or more sub-conductors)	1.32	1.37	1.42	1.47	1.52
Length in km	337	337	337	337	337
O&M Claimed	445	460	476	493	510

2) Substations

Sr. No.	Name of Sub-station	Type of Substation	Voltage level kV	No. of transformers / Reactors/ SVC etc. (with capacity)	No. of Bays	MVA Capacity	Date of Commercial Operation	Covered in the present Petition	
					400 kV	400 kV		Yes/No	If No, petition No.
I	**AC Substations**								
1.1									-
1.2									-

Summary:

O&M Expenses for substation covered in the instant petition	2019-20	2020-21	2021-22	2022-23	2023-24
Normative rate of O&M as per Regulation	32.15	33.28	34.45	35.66	36.91
No. of Bays	-	-	-	-	-
O&M Claimed	-	-	-	-	-

Note: 1. Number of bays is inclusive of line bays, ICT bays, reactor bays etc. Each ICT bays, line bays, reactor bays shall be considered separately for purpose of O&M expenses.
2. The MVA Capacity shall exclude the capacity of reactor, FSE, Stat Com

Essar Transco Limited

Details of Transmission Lines, Substations and Communication System covered in the project scope and O&M for instant asset

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

3) Communication System:

S. No.	Name of Communication System	Type of Communication System	Technical Particulars	Number/ Length	Date of Commercial Operation	Covered in the present Petition	
						Yes/No	If No, Petition No.
1							

Summary:

O& M Expenses for the Communication System covered in the instant	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses as per regulations	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost
Estimated O&M Expense	-	-	-	-	-
The original project cost / Asset related to the communication system	0				

3) Summary of O&M Expenses claim:

Sr. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	A) Normative O&M					
	Transmission Line	107	110	114	118	123
	Substation	-	-	-	-	-
	Communication system	-	-	-	-	-
	Total Normative O&M	107	110	114	118	123
	B) O&M Claimed under Regulation 35 (3)(c)					
	Security Expenses	-	-	-	-	-
	Capital Spares consumed	-	-	-	-	-
	Total	-	-	-	-	-
	Total O&M Expenses claimed	**107**	**110**	**114**	**118**	**123**

Note: The security expenses and Capital Spares are to be submitted on estimated basis for the purpose of O&M expenses. In case of additional security deployed, the petitioner shall indicate the same. The actual security and Capital Spares expenses to be provided at the time of true up

Essar Transco Limited

Petitioner

PART-III
FORM-3

Normative Parameters considered for tariff calculations

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

Year Ending March

Particulars	Unit	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	4	5	6	7	8
Base Rate of Return on Equity	%	15.50%	15.50%	15.50%	15.50%	15.50%
Base Rate of Return on Equity on Additional Capitalization after Cut-off Date[1]	%					
Tax Rate	%	17.472%	17.472%	17.472%	17.472%	17.472%
Effective Tax Rate[2]						
Grossed-up Rate of Return on Equity	%	18.78%	18.78%	18.78%	18.78%	18.78%
Target Availability - AC System	%	98%	98%	98%	98%	98%
Normative O&M per km	Rs. Lakh	As shown in Form 2				
Normative O&M per bay	Rs. Lakh					
Normative O&M per MVA	Rs. Lakh					
Spares for WC as % of O&M	%	15%	15%	15%	15%	15%
Receivables in Days for WC	Days	45	45	45	45	45
Bank Rate as on first day of financial year[3]	%	12.05%	11.25%	10.50%	10.50%	12.00%

1. The additional capitalization on account of Change-in-Law to be excluded and To be equivalent to Weighted Average Rate of Loan in accordance with first Proviso to Regulation 30.
2. To be supported by necessary documents and calculations. Effective tax rate is to be computed in accordance with Regulation 31 i.e. actual tax (or estimated tax)/gross income, where gross income refers the profit before tax.
3. For Tariff Petition, it should be 1.4.2019, while for True-up Petition, it should be 1st April of the respective financial years.

Essar Transco Limited

Petitioner

PART-III
FORM- 7

Statement of Additional Capitalisation after COD

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

Commercial Operation Date: 9/22/2018

A) ACE for the year : _______@ (Actual/Projected)

(Amount in Rs. Lakh)

FY 2019-20				
Particulars	**Addition into Gross Block a during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2020-21				
Particulars	**Addition into Gross Block a during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2021-2022				
Particulars	**Addition into Gross Block a during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2022-2023				
Particulars	**Addition into Gross Block a during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2023-2024				
Particulars	**Addition into Gross Block a during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

B) Regulation wise ACE claim on Cash basis

Regulation No	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Reg. 26	**ACE beyond the original scope:**					
26 (1) (a)	Liabilities to meet award of arbitration etc.					
26 (1) (b)	Change in law or compliance of any existing law;		-			
26 (1) (c)	Force Majeure Events;					
26(1) (d)	Need for higher security and safety of the plant….	-				
Total Under Regulation 26		-	-	-	-	-

Note:
1. In case the true up, provide the ACE allowed in final tariff and enclose the copy of the tariff order(s).
2. Year wise details of the Work/Equipment proposed to be added after COD upto Cut-off Date/ beyond Cut- off Date has to be provided along with justification.
In case of de-capitalisation of assets details to be furnished in Form 10B.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 7A

Financing of Additional Capitalisation

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Financial Year	Actual/Projected					Admitted				
	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6	8	9	10	11	12
Amount capitalised in Work/Equipment	-	-	-	-	-	-	-			
						-	-			
Financing Details						-	-			
Loan	-	-	-	-	-	-	-			
						-	-			
Total Loan	-	-	-	-	-	-	-			
						-	-			
Equity *	-	-	-	-	-	-	-			
						-	-			
Total Equity	-	-	-	-	-	-	-			
						-	-			
Others	-	-	-	-	-	-	-			
						-	-			
Total	-	-	-	-	-	-	-			

Note:

1 Year 1 refers to Financial Year of COD in case of new elements. For existing elements it is from 2014-15 and Year 2, Year 3 etc. are the subsequent financial years respectively.

2 Loan details for meeting the additional capitalisation requirement should be given as per FORM-9 or 9(A) whichever is relevant.

*Includes equity brought through reserves and surplus and internal cash accruals

Essar Transco Limited

(Petitioner)

Calculation of Return on Equity at Normal Rate

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

S.No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6	7
	No. of Days in the year	**366**	**365**	**365**	**365**	**366**
	No. of days for which tariff claimed	**366**	**365**	**365**	**365**	**366**
	Opening Normative Equity	8,650	8,650	8,650	8,650	8,650
	Less: Adjustment in Equity*	-	-	-	-	-
	Adjustment during the year	-	-	-	-	-
	Net Opening Equity (Normal)	8,650	8,650	8,650	8,650	8,650
	Add: Increase in Equity due to addition during the year/period	-	-	-	-	-
	Less: Decrease due to de-capitalisation during the year	-	-	-	-	-
	Less: Decrease due to de-capitalisation during the year/period.	-	-	-	-	-
	Add: Increase due to discharges during the year/period	-	-	-	-	-
	Closing Normative Equity	8,650	8,650	8,650	8,650	8,650
	Average Normative Equity	8,650	8,650	8,650	8,650	8,650
	Rate of Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
	Reduced rate of 1% decided by commission under Regulation 30 (2) (if any)					
	Effective tax rate / MAT rate for the respective years	17.47%	17.47%	17.47%	17.47%	17.47%
	Rate of Return on Equity (Pre Tax)	18.78%	18.78%	18.78%	18.78%	18.78%
	Return on Equity on project cost till Cutoff date (Pre Tax)	1,625	1,625	1,625	1,625	1,625

Note: 1 Adjustment of equity as per Proviso to Regulation 18(3) of 2019 Tariff Regulations.

2. In respect to Equity infusion the Generating Company is required to substantiate with supporting documents such as board resolutions, balance sheet/ reconciliation statement with balance sheet.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 9C

Calculation of Weighted Average Rate of Interest on Actual Loans

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

(Rs. Crs)

Sl. no.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
	2					
1	**Rural Electrification Corporation Limited (REC)**					
	Net loan - Opening	887.04	662.39	621.87	550.66	510.14
	Add: Drawal(s) during the Year	-	-	-	-	-
	Less: Net Loan Movement	224.66	40.52	71.21	40.52	40.52
	Net loan - Closing	662.39	621.87	550.66	510.14	469.62
	Average Net Loan	729.52	642.13	586.26	530.40	489.88
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%	14.50%	14.50%	14.50%	14.50%
	Interest on loan	105.78	93.11	85.01	76.91	71.03
2	**Power Finance Corporation (PFC)**					
	Net loan - Opening	349.71	261.14	245.16	217.09	201.12
	Add: Drawal(s) during the Year	-	-	-	-	-
	Less: Net Loan Movement	88.57	15.98	28.07	15.97	15.97
	Net loan - Closing	261.14	245.16	217.09	201.12	185.14
	Average Net Loan	287.61	253.15	231.13	209.11	193.13
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%	14.50%	14.50%	14.50%	14.50%
	Interest on loan	41.70	36.71	33.51	30.32	28.00
3	**Axis Bank**					
	Net loan - Opening	105.40	85.50	73.89	65.40	59.98
	Add: Drawal(s) during the Year	-	-	-	-	-
	Less: Net Loan Movement	19.90	11.61	8.49	5.42	4.81
	Net loan - Closing	85.50	73.89	65.40	59.98	55.16
	Average Net Loan	89.88	79.70	69.65	62.69	57.57
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%	14.50%	14.50%	14.50%	14.50%
	Interest on loan	13.03	11.56	10.10	9.09	8.35
4	**Total Loan**					
	Net loan - Opening	1,342.15	1,009.03	940.93	833.15	771.23
	Add: Drawal(s) during the Year	-	-	-	-	-
	Less: Repayment (s) of Loans during the year	333.12	68.10	107.77	61.92	61.30
	Net loan - Closing	1,009.03	940.93	833.15	771.23	709.93
	Average Net Loan	1,175.59	974.98	887.04	802.19	740.58
	Interest on loan	160.52	141.37	128.62	116.32	107.38
	Weighted average Rate of interest on Loans	14.50%	14.50%	14.50%	14.50%	14.50%

Essar Transco Limited

(Petitioner)

PART-III
FORM-9E

Calculation of Interest on Normative Loan

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6
Gross Normative loan - Opening	25,129	25,129	25,129	25,129	25,129
Cumulative repayment of Normative Loan upto previous year	933	2,717	4,500	6,284	8,067
Net Normative loan - Opening	24,196	22,413	20,629	18,846	17,062
Increase/Decrease due to ACE/de- capitalization during the Year	-	-	-	-	-
Repayments of Normative Loan during the year	1,784	1,784	1,784	1,784	1,784
Net Normative loan - Closing	22,413	20,629	18,846	17,062	15,278
Average Normative Loan	23,304	21,521	19,737	17,954	16,170
Weighted average Rate of Interest of actual Loans	14.50%	14.50%	14.50%	14.50%	14.50%
Interest on Normative loan for the Period/Year	**3,379**	**3,121**	**2,862**	**2,603**	**2,345**

Note:

1. At the time of true-up net savings as a result of refinancing of loans may be provided along with adjustments of sharing.

Essar Transco Limited

(Petitioner)

Calculation of Depreciation Rate

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2019	Additional Capitalization During FY 2019-20	Gross Block as on 31.03.2020	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for FY 2019-20
	1	2	3	4	5	6= average(col.2,col.4) X Col.5
1	Transmission Line	33,779	-	33,779	5.28%	1,784
2	Substation eqipments	-	-	-	5.28%	-
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture		-	-	6.33%	-
7	Building & Civil Works	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
TOTAL		**33,779**	-	**33,779**	**5.28%**	**1,784**
Weighted Average Rate of Depreciation (%)						**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2020	Additional Capitalization During FY 2020-21	Gross Block as on 31.03.2021	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for FY 2020-21
	1	2	3	4	5	6= average(col.2,col.4) X Col.5
1	Transmission Line	33,779	-	33,779	5.28%	1,784
2	Substation equipments	-	-	-	5.28%	-
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Building & Civil Works	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
TOTAL		**33,779**	-	**33,779**	**5.28%**	**1,784**
Weighted Average Rate of						**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2021	Additional Capitalization During FY 2021-22	Gross Block as on 31.03.2022	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for FY 2021-22
	1	2	3	4	5	6= average(col.2,col.4) X Col.5
1	Transmission Line	33,779	-	33,779	5.28%	1,784
2	Substation equipments	-	-	-	5.28%	-
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
TOTAL		**33,779**	-	**33,779**	**5.28%**	**1,784**
Weighted Average Rate of Depreciation (%)						**5.28%**

Essar Transco Limited

Calculation of Depreciation Rate

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2022	Additional Capitalization During FY 2022-23	Gross Block as on 31.03.2023	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for FY 2022-23
	1	2	3	4	5	6= average(col.2,col.4) X Col.5
1	Transmission Line	33,779	-	33,779	5.28%	1,784
2	Substation eqipments	-	-	-	5.28%	-
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
TOTAL		**33,779**	-	**33,779**	**5.28%**	**1,784**
Weighted Average Rate of						**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2023	Additional Capitalization During FY 2023-24	Gross Block as on 31.03.2024	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for FY 2023-24
	1	2	3	4	5	6= average(col.2,col.4) X Col.5
1	Transmission Line	33,779	-	33,779	5.28%	1,784
2	Substation eqipments	-	-	-	5.28%	-
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
TOTAL		**33,779**	-	**33,779**	**5.28%**	**1,784**
Weighted Average Rate of						**5.28%**

Note:

1. Name of the Assets should conform to the description of the assets mentioned in Depreciation Schedule appended to the Notification.

Essar Transco Limited

(Petitioner)

Statement of Depreciation

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
(1)	(2)	(4)	(5)	(6)	(7)	(8)
1	Opening Capital Cost	33,779	33,779	33,779	33,779	33,779
2	Closing Capital Cost	33,779	33,779	33,779	33,779	33,779
3	**Average Capital Cost**	**33,779**	**33,779**	**33,779**	**33,779**	**33,779**
4	Freehold land	-	-	-	-	-
5	Rate of depreciation	5.28%	5.28%	5.28%	5.28%	5.28%
6	Depreciable value	30,401	30,401	30,401	30,401	30,401
7	Balance useful life at the beginning of the period					
8	Remaining depreciable value	29,468	27,684	25,901	24,117	22,334
9	**Depreciation (for the period)**	**1,784**	**1,784**	**1,784**	**1,784**	**1,784**
10	**Depreciation (annualised)**	**1,784**	**1,784**	**1,784**	**1,784**	**1,784**
11	Cumulative depreciation at the end of the period^	2,717	4,500	6,284	8,067	9,851
12	Less: Cumulative depreciation adjustment on account of de-capitalisation	-	-	-	-	-
13	Net Cumulative depreciation at the end of the period	2,717	4,500	6,284	8,067	9,851

Essar Transco Limited

(Petitioner)

PART-III
FORM- 11

Calculation of Interest on Working Capital

Name of the transmission Asset: 400 kV D/C Mahan - Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Sl. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	**2**	**4**	**5**	**6**	**7**	**8**
1	O & M Expenses	9	9	10	10	10
2	Maintenance Spares	16	17	17	18	18
3	Receivables	861	830	798	766	734
4	**Total Working Capital**	**886**	**856**	**824**	**794**	**762**
5	Rate of Interest	12.05%	11.25%	10.50%	10.50%	12.00%
6	**Interest on Working Capital**	**107**	**96**	**87**	**83**	**91**

Essar Transco Limited

(Petitioner)

PART-III
FORM- 15

Summary of issue involved in the petition

1	Name of the Petitioner	Essar Transco Limited
2	Petition Category	Transmission
3	Tariff Period	2019-24
4	Name of the Project	400 kV D/C Mahan - Sipat Transmission Line (Part-B)
5	Investment Approval date	
6	SCOD of the Project	
7	Actual COD of the project	43,365
8	Whether entire scope is covered in the present petition.	Yes
9	No. of Assets covered in instant petition	1
10	No. of Assets having time over run	Nil
11	Estimated Project Cost as per IA	
12	Is there any REC? if so, provide the date	No
13	Revised Estimated Project Cost (if any)	Nil
14	Completion cost for all the assets covered in the instant petition	
15	No. of Assets covered in instant petition and having cost overrun	Nil
16	Prayer in brief	Approval of Tariff for Mahan - Sipat
17	Key details and any Specific issue involved	
18	Respondents	
	Name of Respondents	
	Central Transmission Utility of India Limited	
	Power grid Corporation of India Limited	
	Power system Operation Corporation Limited	
	Western Region Power Committee	
	M.P. Power Management Company Limited	
	Western Regional Load Despatch Centre	
	Mahan Energen Limited(formerly Essar Power M.P. Limited)	

Essar Transco Limited

Petitioner

Summary of Capital Cost & Annual Fixed Cost (AFC) Claimed for ALL the assets covered in the present petition.

Name of the Petitioner — **Essar Transco Limited**
Tariff Period 2019-24 — 2019-24

Name of the Transmission Project — 400 kV D/C Mahan - Sipat Transmission Line (Part-B)
COD of the Project(if entire scope of project is completed)

A) Summary of Capital Cost as on COD and Additional Capital Expenditure claimed for all the assets Covered in the instant petition.

Sr. No.	Asset No.	COD	Cut off date	Summary of Actual / Projected Capital Cost						Capital Cost as on 31.03.2024
				As on 31-03-2019	2019-20	2020-21	2021-22	2022-23	2023-24	
1	Part-B	9/22/2018	3/31/2021	33,779	-	-	-	-	-	33,779
Total Capital Cost Claimed										**33,779**

B) Summary of Annual Fixed Cost (AFC) claimed for all the assets covered in the instant petition.

Sr. No.	Asset No.	2019-20	2020-21	2021-22	2022-23	2023-24
1	Part-B	7,001	6,735	6,471	6,213	5,967
Total AFC for all the Assets		**7,001**	**6,735**	**6,471**	**6,213**	**5,967**

Essar Transco Limited

Annexure-6

भारत 2023 INDIA

सत्यमेव जयते

Azadi Ka Amrit Mahotsav

भारत सरकार/ Government of India
विद्युत मंत्रालय/ Ministry of Power
केन्द्रीय विद्युत प्राधिकरण/ Central Electricity Authority
विद्युत प्रणाली अभियांत्रिकी एवं प्रौद्योगिकी विकास प्रभाग
Power System Engineering & Technology Development Division

Date: 20.09.2023

सेवा में,
<as per attached list>

विषय: Installation of Online Insulating Oil Dry Out System for Transformer of 400 kV and above Voltage class-reg.

महोदया/महोदय

A reliable and quality power supply is an essential requirement in today's environment. The availability of secure and reliable quality power supply is not only essential but also instils the confidence in the minds of the investors from over the block to establish their production houses and institutions in the country. A firm power supply also improves the rating of India in Ease of Doing Business (EODB).

The moisture content over a permissible limit in the insulating oil of the transformers/reactors is mainly responsible for the deteriorating dielectric properties of the oil. The moisture-laden deteriorated oil in the transformer/reactor is the major cause of poor insulating properties of the insulating and cooling oil, such oil leads to the failure of transformers/reactors.

In view of the above, it is necessary that the moisture contents in the transformers be continuously monitored and controlled through proper means. The "On-Line Transformer Oil Drying Out System (One Line TODOS)" installed on the transformer measures and controls the moisture contents in the transformer oil to the desired level. The system is permanently installed with the Transformer and it continuously keeps on removing the moisture while the transformer/reactor is in the charged stage, till the user-defined pre-set moisture level condition is attained. The transformer/reactor oil is circulated through a series of Cylinders filled with specially designed cartridges that absorb moisture as well as remove solid contaminants from the oil. This process removes moisture from the Transformer/ Reactor oil as well as the "cellulose insulation". During the filtration process moisture PPM level is continuously monitored

Online Insulating Oil Dry Out System is capable of returning meaningful benefits for a wet transformer which cannot be spared from its normal duty cycle since it does not require transformer outage, the downtime is avoided while the moisture removal is still in progress. The benefits of Online Insulating Dry out Systems for transformers are well-

Essar Transco Limited

documented including enhanced reliability, reduced maintenance costs, and prolonged transformer lifespan.

Clause 46(1)(a) of Central Electricity Authority (Technical Standards for Construction of Electrical Plants and Electric Lines) Regulations, 2022 states that "*Power transformer shall be designed, manufactured, tested and commissioned as per Central Electricity Authority's "Standard Specifications and Technical Parameters for Transformers and reactors (66 kV and above)"*. Section-2.15 of Chapter-6 and Annexure-U of Standard Specifications and Technical Parameters for Transformers and Reactors (66 kV and above), specifies the use of an Online Insulating Oil Dry Out System for 400 kV and above class of Transformers and Reactors.

However, representations have been received in CEA that Utilities are not following the requirement of the installation of an Online Insulating Oil Dry Out System. It is highlighted here that Transformers are the main pillar of the Power System. Any failure of the transformer would have an adverse impact on the power supply in the system. Therefore, necessary equipment which are crucial for the health and reliability of the Transformer needs to be mandatorily installed.

In fact, for the total health monitoring system of the transformer and other associated equipment, an online electrical asset monitoring system need to be installed that can monitor all medium voltage and high voltage electrical assets like GIS, AIS, Breakers, Power Cables including Transformers for condition-based maintenance. TODOS system shall be capable of monitoring and controlling the moisture contents of the oil in the transformer and will form part of the integrated system, if not so it can function as it is also.

TODOS and online electrical asset monitoring system shall be installed for transformers, including existing and new transformers; shall support cloud (IoT) and on-premise installation and provide access to electrical asset health dashboards on engineer's PC, Mobile, Laptops, or tablets. Utilities are advised to install the TODOS system even for the transformers at a voltage lower than 400 kV also.

In view of the above, it is reiterated to follow the provisions of the CEA's Regulations and Standards in respect of the installation of an Online Insulating Oil Dry Out System. Also, kindly ensure the compliance of the Regulations/Guidelines/Recommendations and report the status to CEA on regular basis.

This issues with the approval of the Competent Authority.

भवदीय,

20/09/2023

(भंवर सिंह मीना /Bhanwar Singh Meena)

निदेशक/Director

Essar Transco Limited

Attached list

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Essar Transco Limited

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Essar Transco Limited

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Essar Transco Limited

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Essar Transco Limited

Annexure-7A

Appendix-I

PART-III

TARIFF FILING FORMS (TRANSMISSION & COMMUNICATION SYSTEM)

FOR DETERMINATION OF TARIFF
FY 2024-25 to FY 2028-29

Essar Transco Limited

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PART-III

Checklist of Forms and other information/ documents for tariff filing for Transmission System & Communication System

Form No.	Title of Tariff Filing Forms (Transmission & Communication System)	Tick
FORM- 1	Summary of Tariff	Y
FORM- 1A	Summary of Asset level cost	Y
FORM-2	Details of Transmission Lines and Substation and Communication System covered in the project scope and O&M for instant asset	Y
FORM-3	Normative parameters considered for tariff computations	Y
FORM- 4	Abstract of existing transmission assets/elements under project, Determination of Effective COD and Weighted Average Life for single AFC for the project as whole.	NA
FORM- 4A	Statement of Capital cost	NA
FORM- 4B	Statement of Capital Works in Progress	NA
FORM- 4C	Abstract of Capital Cost Estimates and Schedule of Commissioning for the New Project/Element	NA
FORM-5	Element wise Break-up of Project/Asset/Element Cost for Transmission System or Communication System	NA
FORM-5A	Break-up of Construction/Supply/Service packages	NA
FORM-5B	Details of all the assets covered in the project	NA
FORM- 6	Actual Cash Expenditure and Financial Package up to COD	NA
FORM- 7	Statement of Additional Capitalisation after COD	Y
FORM- 7A	Financing of Additional Capitalisation	Y
FORM- 7B	Statement of Additional Capitalisation during five year before the end of the useful life of the project.	NA
FORM- 8	Calculation of Return on Equity	Y
FORM-8A	Details of Foreign Equity	NA
FORM-9	Details of Allocation of corporate loans to various transmission elements	NA
FORM-9A	Details of Project Specific Loans	NA
FORM-9B	Details of Foreign loans	NA
FORM-9C	Calculation of Weighted Average Rate of Interest on Actual Loans	Y
FORM-9D	Loans in Foreign Currency	NA
FORM-9E	Calculation of Interest on Normative Loan	Y
FORM- 10	Calculation of Depreciation Rate on original project cost	Y
FORM- 10A	Statement of Depreciation	Y
FORM- 10B	Statement of De-capitalisation	NA
FORM- 11	Calculation of Interest on Working Capital	Y
FORM- 12	Details of time over run	NA
FORM- 12A	Incidental Expenditure during Construction	NA
FORM- 12B	Calculation of IDC & Financing Charges	NA
FORM- 13	Details of Initial spares	NA
FORM- 14	Non-Tariff Income	NA
FORM- 15	Summary of issue involved in the petition	Y
FORM A	Summary of Capital Cost & Annual Fixed Cost (AFC) Claimed for ALL the assets covered in the present petition.	Y

Other Information/ Documents

Sl. No.	Information/Document	Tick
1	Certificate of incorporation, Certificate for Commencement of Business, Memorandum of Association, & Articles of Association (For New Project(s) setup by a company making tariff application for the first time to CERC)	NA
2	Region wise and Corporate audited Balance Sheet and Profit & Loss Accounts with all the Schedules & annexures for the new Transmission System & Communication System for the relevant years.	NA
3	Copies of relevant loan Agreements	NA
4	Copies of the approval of Competent Authority for the Capital Cost and Financial package.	NA
5	Copies of the Equity participation agreements and necessary approval for the foreign	NA
6	Copies of the BPTA/TSA/PPA with the beneficiaries, if any	NA
7	Detailed note giving reasons of cost and time over run, if applicable. List of supporting documents to be submitted: a. Detailed Project Report b. CPM Analysis c. PERT Chart and Bar Chart d. Justification for cost and time Overrun	NA
8	Transmission Licensee shall submit copy of Cost Audit Report along with cost accounting records, cost details, statements, schedules etc. for the transmission system as submitted to the Govt. of India for first two years i.e. 2024-25 and 2025-26 at the time of mid-term true-up in 2026- 27 and for balance period of tariff period 2024-29 at the time of final true-up in 2029-30. In case of initial tariff filing the latest available Cost Audit Report should be furnished.	NA
9	BBMB is maintaining the records as per the relevant applicable Acts. Formats specified herein may not be suitable to the available information with BBMB. BBMB may modify formats suitably as per available information to them for submission of required information for tariff purpose.	NA
10	Any other relevant information, (Please specify)	

Note1: Electronic copy of the petition (in word format) and detailed calculation as per these formats (in excel format) and any other information submitted has to be uploaded in the e-filing website and shall also be furnished in pen drive/flash drive.

Essar Transco Limited

PART-III
FORM- 1

Summary of Tariff

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Sr. No.	Particulars	Form No.	2024-25	2025-26	2026-27	2027-28	2028-29
1	2	3	4	5	6	7	8
1.1	Depreciation	Form 10A	6,224	6,239	6,281	6,307	6,307
1.2	Interest on Loan	Form 9E	7,280	6,407	5,585	4,726	3,812
1.3	Return on Equity[1]	Form 8	5,669	5,683	5,721	5,745	5,745
1.4	Interest on Working Capital	Form 11	334	351	361	308	300
1.5	O & M Expenses	Form 2	1,136	1,818	2,291	1,378	1,472
	Total AFC		**20,644**	**20,500**	**20,238**	**18,465**	**17,635**

Note: This Form is a summary form and the Data to this from should flow from other base forms.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 1A

Summary of Asset Level Cost

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

A) Summary of Capital Cost, Means of Finance of the Asset

Particulars	Summary of Actual / Projected Capital Cost						
	As on 01.04.2024	2024-25	2025-26	2026-27	2027-28	2028-29	As on 31.03.2029
Transmission Line	114,018.39	-	200.00	-	-	-	114,218.39
Substation eqipments	3,860.87	-	380.00	1,000.00	-	-	5,240.87
Free hold Land	-	-	-	-	-	-	-
Leasehold Land	-	-	-	-	-	-	-
PLCC	-	-	-	-	-	-	-
Furniture / Fixture	-	-	-	-	-	-	-
Building & Civil Works	-	-	-	-	-	-	-
Office Equipments	-	-	-	-	-	-	-
Total	117,879.26	-	580.00	1,000.00	-	-	119,459.26

Note: This form is a summary form and the data to this form should flow from other base forms.

Essar Transco Limited

(Petitioner)

PART-III
Form 2

Details of Transmission Lines, Substations and Communication System covered in the project scope and O&M for instant asset

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

1) Transmission lines

Sr. No.	Name of line	Type of line AC/HVDC	S/C or D/C	No. of Sub-Conductors	Voltage level kV	Line Length km	Date of Commercial operation	Covered in the present petition	
								Yes/No	If No, Petition No.
1	Mahan-Sipta Line (Part-A)	AC	D/C	Quad Bersimis	400 kV	337	22.09.2018	Y	-

Summary:

O&M Expenses for Transmission lines covered in the instant petition	2024-25	2025-26	2026-27	2027-28	2028-29
Normative rate of O&M as per Regulation - Double Circuit (Bundled conducto with four or more sub-conductors) (Rupees in Lakh)	1.29	1.36	1.43	1.51	1.59
Length in km	337	337	337	337	337
O&M Claimed (Rupees in Lakh)	434.42	457.30	481.20	506.77	533.35

2) Substations

Sr. No.	Name of Sub-station	Type of Substation Conventional (Greenfeild/Brownfeild)/GIS/HVDC terminal/ HVDC Back to Back	Voltage level kV	No. of transformers / Reactors/ SVC etc. (with capacity)	No. of Bays	MVA/MVAr Capacity	Date of Commercial Operation	Covered in the present Petition	
					400 kV	MVAR		Yes/No	If No, petition No.
1	Mahan Substation	AC	400 kV	2 No. of 400kV Line bays	2	-	22.09.2018	Yes	-
2	Sipat Substation	AC	400 kV	2 No. of 400 kV Line Bays	2	-	22.09.2018	Yes	-
3	Sipat Substation	AC	400 kV	2x50 MVAR line reactors at Sipat PS	-	100	22.09.2018	Yes	-
4	Mahan Substation	AC	400 kV	2x50 MVAR line reactors at Mahan Switchyard	2	100	22.09.2018	Yes	-
5	Mahan Substation	AC	400 kV	1x80 MVAR, 420 kV switchable bus reactor at Mahan TPS along with its associated 400 kV bay	1	80	22.09.2018	Yes	-

Summary:

O&M Expenses for substations covered in the instant petition	2024-25	2025-26	2026-27	2027-28	2028-29
Normative rate of O&M as per Regulation (Rupees in Lakh)	29.53	31.08	32.71	34.43	36.23
No. of Bays	7	7	7	7	7
O&M Claimed (Rupees in Lakh)	207	218	229	241	254
Normative rate of O&M as per Regulation (Rupees in Lakh)	0.262	0.276	0.290	0.305	0.322
MVA Capacity	280	280	280	280	280
O&M Claimed (Rupees in Lakh)	73	77	81	85	90

Note: 1. Number of bays is inclusive of line bays, ICT bays, reactor bays etc. Each ICT bays, line bays, reactor bays shall be considered separately for purpose of O&M expenses.
2. The MVA Capacity shall exclude the capacity of reactor, FSE, Stat Com
3. O&M expenses for Transmission Licensees whose transmission assets are located solely in NE Region (including Sikkim), States of Uttarakhand, Himachal Pradesh, the Union Territories of Jammu

Essar Transco Limited

PART-III
Form 2

Details of Transmission Lines, Substations and Communication System covered in the project scope and O&M for instant asset

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

3) Communication System:

S. No.	Name of Communication System	Type of Communication System- Communication System under ULDC/SCADA/WAMS/Fibre Optic	Length of OPGW links	No. of RTU	No. of PMU	Date of Commercial operation	Capital Cost upto Cutoff date(Original	Covered in the present Petition	
								Yes/No	If No, Petition No.

Summary:

O& M Expenses for the Communication System covered in the instant petition	2024-25	2025-26	2026-27	2027-28	2028-29
The original project cost / Asset related to the communication system	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost
O&M expenses as per regulations (2% of Original Project Cost)	-	-	-	-	-
Estimated O&M Expense (Rupees in Lakh)*	0				

Note : 1. The O&M expenses as per regulation shall be worked on based on estimated project cost.
2. Expenses in case of U-NMS shall be allowed on actual basis after due prudence check.
*The actual O&M expenses to be provided at the time of true up.

4) Summary of O&M Expenses claim: (Rupees in Lakh)

Sr. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	A) Normative O&M					
1	Transmission Line	330.16	347.55	365.71	385.14	405.35
2	Substation	280.07	294.84	310.17	326.41	343.77
3	Communication system	-	-	-	-	-
	Total Normative O&M	610.23	642.39	675.88	711.55	749.12
	B) O&M Claimed under Regulation 36 (3)(d)					
	Security Expenses	420.00	462.00	508.20	559.02	614.92
	Actual Capital Spare consumed[1]	-	608.00	1,000.00	-	-
	Insurance Premium Paid[2]	106.09	106.09	106.61	107.51	107.51
	Total O&M Expenses claimed	**1,136.32**	**1,818.48**	**2,290.69**	**1,378.09**	**1,471.55**

Note: The security expenses and Capital Spares are to be submitted on estimated basis for the purpose of O&M expenses. In case of additional security deployed, the petitioner shall indicate the same. The actual security and Capital Spares expenses to be provided at the time of true up
1. List of Capital Spares to be provided at the time of truing up. Further, no Capital Spares individually costing upto Rs. 10 lakh shall be claimed.
2. At the time of determination of tariff Insurance Premium shall be estimated which shall be subject to truing up on the basis of actuals.

(Petitioner)

Essar Transco Limited

PART-III
FORM-3

Normative Parameters considered for tariff calculations

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

Year Ending March

Particulars	Unit	2024-25	2025-26	2026-27	2027-28	2028-29
1	2	3	4	5	6	7
Base Rate of Return on Equity	%	15.50%	15.50%	15.50%	15.50%	15.50%
Base Rate of Return on Equity on Additional Capitalization after Cut-off Date[1]	%					
Tax Rate	%	17.472%	17.472%	17.472%	17.472%	17.472%
Effective Tax Rate[2]	%					
Target Availability - HVDC System	%	95%	95%	95%	95%	95%
Target Availability - AC System	%	98%	98%	98%	98%	98%
Normative O&M per km	Rs. Lakh	As shown in Form 2				
Normative O&M per bay	Rs. Lakh					
Normative O&M per MVA/MVAr	Rs. Lakh					
Spares for WC as % of O&M	%	15%	15%	15%	15%	15%
Receivables in Days for WC	Days	45	45	45	45	45
Reference Rate as on first day of financial year[3]	%	11.90%	11.90%	11.90%	11.90%	11.90%

1. The additional capitalization to be equivalent to one year MCLR+350 bps subject to a ceiling of 14.00% in accordance with first Proviso to Regulation 30(3).
2. To be supported by necessary documents and calculations. Effective tax rate is to be computed in accordance with Regulation 31.
3. For Tariff Petition, it should be 1.4.2024, while for True-up Petition, it should be 1st April of the respective financial years.

Petitioner

Essar Transco Limited

PART-III
FORM- 7

Statement of Additional Capitalisation after COD

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

COD: 22.09 2018

(Amount in Rs. Lakh)

FY 2024-25				
Particulars	**Addition into Gross Block as per Books of Account during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
1	2	3		
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2025-26				
Particulars	**Addition into Gross Block as per Books of Account during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
1	2	3		
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	**200.00**	-	-	**200.00**
Sub-Station	**380.00**	-	-	**380.00**
PLCC	-	-	-	-
Total	**580.00**	-	-	**580.00**

FY 2026-27				
Particulars	**Addition into Gross Block as per Books of Account during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
1	2	3		
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	**1,000.00**	-	-	**1,000.00**
PLCC	-	-	-	-
Total	**1,000.00**	-	-	**1,000.00**

FY 2027-28				
Particulars	**Addition into Gross Block as per Books of Account during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
1	2	3		
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2028-29				
Particulars	**Addition into Gross Block as per Books of Account during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
1	2	3		
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

B) Regulation wise ACE claim on Cash basis

Regulation No.	**Particulars**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Total Under Regulation 24						
Reg. 25	**ACE within the original scope and after the cut-off date**					
25 (1) (a)	Liabilities to meet award of arbitration etc.					
25 (1) (b)	Change in law or compliance of any existing law					
25 (1) (d)	Liabilities for works exucted prior to the cut-off date					
25 (1) (e)	Force Majeure Events					
25 (1) (f)	Liabilities for works admitted by the commission after the cut-off date					
Total Under Regulation 25		-	-	-	-	-
Reg. 26	**ACE within the original scope :**					
26 (1) (a)	Liabilities to meet award of arbitration etc.					
26 (1) (b)	Change in law or compliance of any existing law;	-	**580.00**	**1,000.00**	-	-
26 (1) (c)	Force Majeure Events,					
26 (1) (d)	Need for higher security and safety of the plant.…		**Change in law or compliance of any existing law**			
26 (1) (i)	Expenditure necessary for efficient operation ncluding works required towards projects acquired through NCLT process 5					
Total Under Regulation 26		-	**580.00**	**1,000.00**	-	-
Total ACE claimed for tariff						
Total Admitted ACE during Final tariff[1].						

Note·
1 In case the true up, provide the ACE allowed in final tariff and enclose the copy of the tariff order(s)
2. Year wise details of the Work/Equipment proposed to be added after COD upto Cut-off Date/ beyond Cut- off Date has to be provided along with justification.
3. In case of de-capitalisation of assets details to be furnished in Form 10B.
4. No ACE towards assets individually costing below Rs. 20 lakh shall be claimed by the Petitioner.
5. The capital cost as per books of accounts and liability should be supported by Auditor Certificate
6. Claim to be substantiated with technical justification and cost benefit analysis

Essar Transco Limited

(Petitioner)

PART-III
FORM- 7A

Financing of Additional Capitalisation

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

	Actual/Projected					Admitted				
Financial Year (starting from COD)	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
1	2	3	4	5	6	7	8	9	10	11
Amount capitalised in Work/Equipment	-	580.00	1,000.00	-	-	-	-			
						-	-			
Financing Details						-	-			
Loan- 1	-	431.46	743.90	-	-	-	-			
Laon -2										
Loan-3 and so on						-	-			
Total Loan	-	431.46	743.90	-	-	-	-			
						-	-			
Equity	-	148.54	256.10	-	-	-	-			
Internal Resources						-	-			
Others	-	-	-	-	-	-	-			
						-	-			
Total	-	580.00	1,000.00	-	-	-	-			

Note:

1. Year 1 refers to Financial Year of COD in case of new elements. For existing elements it is from 2024-25 and Year 2, Year 3 etc. are the subsequent financial years respectively.
2. Loan details for meeting the additional capitalisation requirement should be given as per FORM-9 or 9(A) whichever is relevant.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 8

Calculation of Return on Equity at Normal Rate

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

S.No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
1	2	3	4	5	6	7
	No. of Days in the year	365	365	365	366	365
	No. of days for which tariff claimed	365	365	365	366	365
1	Opening Normative Equity	30,184.66	30,184.66	30,333.20	30,589.30	30,589.30
2	Less: Adjustment in Equity*	-	-	-	-	-
3	Adjustment during the year	-	-	-	-	-
4	Net Opening Equity (Normal)	30,184.66	30,184.66	30,333.20	30,589.30	30,589.30
5	Add: Increase in Equity due to addition during the year/period	-	148.54	256.10	-	-
6	Less: Decrease due to de-capitalisation during the year/period.	-	-	-	-	-
7	Add: Increase due to discharges during the year/period		-	-	-	-
8	Closing Normative Equity	30,184.66	30,333.20	30,589.30	30,589.30	30,589.30
9	Average Normative Equity	30,184.66	30,258.93	30,461.25	30,589.30	30,589.30
11	Rate of Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
12	Reduced rate of 1% decided by commission under Regulation 30 (2) (if any)					
13	Effective tax rate / MAT rate for the respective years	17.47%	17.47%	17.47%	17.47%	17.47%
14	Rate of Return on Equity (Pre Tax)	18.78%	18.78%	18.78%	18.78%	18.78%
15	Return on Equity on project cost till Cutoff date (Pre Tax)	5,669.13	5,683.08	5,721.08	5,745.13	5,745.13

Note: 1 Adjustment of equity as per Proviso to Regulation 18(3) of 2024 Tariff Regulations.
2. In respect to Equity infusion the Transmission Licensee is required to substantiate with supporting documents such as board resolutions, balance sheet/ reconciliation statement with balance sheet.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 9C

Calculation of Weighted Average Rate of Interest on Actual Loans1

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Crs)

Sr. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	1	3	4	5	6	7
1	**Rural Electrification Corporation Limited (REC)**					
	Net loan - Opening	469.62				
	Add: Drawal(s) during the Year	-				
	Less: Net Loan Movement	469.62				
	Net loan - Closing	-				
	Average Net Loan	234.81				
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%				
	Interest on loan	8.40				
2	**Power Finance Corporation (PFC)**					
	Net loan - Opening	185.14				
	Add: Drawal(s) during the Year	-				
	Less: Net Loan Movement	185.14				
	Net loan - Closing	-				
	Average Net Loan	92.57				
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%				
	Interest on loan	3.31				
3	**Axis Bank**					
	Net loan - Opening	55.16				
	Add: Drawal(s) during the Year	-				
	Less: Net Loan Movement	55.16				
	Net loan - Closing	-				
	Average Net Loan	27.58				
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%				
	Interest on loan	0.99				
4	**OCD**					
	Net loan - Opening	-	672.45	636.94	603.31	571.45
	Add: Drawal(s) during the Year	709.93	-	-	-	-
	Less: Net Loan Movement*	37.48	35.51	33.63	31.85	30.17
	Net loan - Closing	672.45	636.94	603.31	571.45	541.28
	Average Net Loan	336.22	654.69	620.12	587.38	556.37
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%	14.50%	14.50%	14.50%	14.50%
	Interest on loan	90.25	94.93	89.92	85.17	80.67
5	**Total Loan**					
	Net loan - Opening	709.93	672.45	636.94	603.31	571.45
	Add: Drawal(s) during the Year	709.93	-	-	-	-
	Less: Repayment (s) of Loans during the year	747.41	35.51	33.63	31.85	30.17
	Net loan - Closing	672.45	636.94	603.31	571.45	541.28
	Average Net Loan	691.19	654.69	620.12	587.38	556.37
	Interest on loan	102.94	94.93	89.92	85.17	80.67
	Weighted average Rate of interest on Loans	14.50%	14.50%	14.50%	14.50%	14.50%

Note:1. In case of Foreign Loans, the calculations in Indian Rupees is to be furnished as per Form 9(D). However, the calculation in original currency is also to be furnished separately in the same form.
2. In case of already commissioned combined assets the details may be provided asset wise as well as combined.
3. Details of Financing Charges.

Essar Transco Limited

Petitioner

PART-III
FORM-9E

Calculation of Interest on Normative Loan

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

S.No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	No. of Days in the year	***365***	***365***	***365***	***366***	***365***
	No. of days for which tariff claimed	**365**	**365**	**365**	**366**	**365**
1	Gross Normative loan - Opening	87,694.60	87,694.60	88,126.06	88,869.96	88,869.96
2	Cumulative repayment of Normative Loan upto previous year	34,377.08	40,601.11	46,840.45	53,121.50	59,428.94
3	Net Normative loan - Opening	53,317.52	47,093.49	41,285.62	35,748.47	29,441.02
4	Addition in Normative loan towards the ACE	-	431.46	743.90	-	-
5	Adjustment of Normative Gross loan pertaining to the decapitalised assset.	-	-	-	-	-
6	Normative Repayments of Normative Loan during the year	6,224.02	6,239.34	6,281.05	6,307.45	6,307.45
7	Adjustment of Cum. repayment pertaining to the decapitalised asset.	-	-	-	-	-
8	Net Normative loan – Closing	47,093.49	41,285.62	35,748.47	29,441.02	23,133.57
9	Average Normative Loan	50,205.50	44,189.55	38,517.04	32,594.74	26,287.29
10	Weighted average Rate of Interest of actual Loans	14.50%	14.50%	14.50%	14.50%	14.50%
11	**Interest on Normative loan**	**7,279.80**	**6,407.49**	**5,584.97**	**4,726.24**	**3,811.66**

Essar Transco Limited

(Petitioner)

PART-III
FORM- 10

Calculation of Depreciation Rate on original project cost

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2024	Additional Capitalization During FY 2024-25	Gross Block as on 31.03.2025	Depreciation Rates as per CERC's Depreciation Rate Schedule [2]	Depreciation Amount for FY 2024-25
	1	2	3	4	5	6= average(2,4) X 5
1	Transmission Line	114,018.39	-	114,018.39	5.28%	6,020.17
2	Substation eqipments	3,860.87	-	3,860.87	5.28%	203.85
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
	Total	117,879.26	-	117,879.26	**5.28%**	6,224.02
	Weighted Average Rate of Depreciation (%)					**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2025	Additional Capitalization During FY 2025-26	Gross Block as on 31.03.2026	Depreciation Rates as per CERC's Depreciation Rate Schedule [2]	Depreciation Amount for FY 2025-26
	1	2	3	4	5	6= average(2,4) X 5
1	Transmission Line	114,018.39	200.00	114,218.39	5.28%	6,025.45
2	Substation eqipments	3,860.87	380.00	4,240.87	5.28%	213.89
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
	Total	117,879.26	580.00	118,459.26	**5.28%**	6,239.34
	Weighted Average Rate of Depreciation (%)					**5.29%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2026	Additional Capitalization During FY 2026-27	Gross Block as on 31.03.2027	Depreciation Rates as per CERC's Depreciation Rate Schedule [2]	Depreciation Amount for FY 2026-27
	1	2	3	4	5	6= average(2,4) X 5
1	Transmission Line	114,218.39	-	114,218.39	5.28%	6,030.73
2	Substation eqipments	4,240.87	1,000.00	5,240.87	5.28%	250.32
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
	Total	118,459.26	1,000.00	119,459.26	**5.28%**	6,281.05
	Weighted Average Rate of Depreciation (%)					**5.30%**

Essar Transco Limited

PART-III
FORM- 10

Calculation of Depreciation Rate on original project cost

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2027	Additional Capitalization During FY 2027-28	Gross Block as on 31.03.2028	Depreciation Rates as per CERC's Depreciation Rate Schedule [2]	Depreciation Amount for FY 2027-28
	1	2	3	4	5	6= average(2,4) X 5
1	Transmission Line	114,218.39	-	114,218.39	5.28%	6,030.73
2	Substation eqipments	5,240.87	-	5,240.87	5.28%	276.72
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
	Total	119,459.26	-	119,459.26	**5.28%**	6,307.45
	Weighted Average Rate of Depreciation (%)					**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2028	Additional Capitalization During FY 2028-29	Gross Block as on 31.03.2029	Depreciation Rates as per CERC's Depreciation Rate Schedule [2]	Depreciation Amount for FY 2028-29
	1	2	3	4	5	6= average(2,4) X 5
1	Transmission Line	114,218.39	-	114,218.39	5.28%	6,030.73
2	Substation eqipments	5,240.87	-	5,240.87	5.28%	276.72
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
	Total	119,459.26	-	119,459.26	**5.28%**	6,307.45
	Weighted Average Rate of Depreciation (%)					**5.28%**

Note:
1. Name of the Assets should conform to the description of the assets mentioned in Depreciation Schedule appended to the Notification.
2. For Existing Project Depreciation Rate shall be as per Appendix-I while for New Project the rate shall be as per Appendix-II.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 10A

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
(1)	(2)	(4)	(5)	(6)	(7)	(8)
1	Opening Capital Cost	117,879.26	117,879.26	118,459.26	119,459.26	119,459.26
2	Closing Capital Cost	117,879.26	118,459.26	119,459.26	119,459.26	119,459.26
3	**Average Capital Cost**	**117,879.26**	**118,169.26**	**118,959.26**	**119,459.26**	**119,459.26**
4	Freehold land	-	-	-	-	-
5	Rate of depreciation	5.28%	5.29%	5.30%	5.28%	5.28%
6	Depreciable value	106,091.33	106,613.33	107,513.33	107,513.33	107,513.33
7	Balance useful life at the beginning of the period					
8	Remaining depreciable value	71,714.25	66,012.22	60,672.89	54,391.84	48,084.39
9	**Depreciation (for the period)**	6,224.02	6,239.34	6,281.05	6,307.45	6,307.45
10	**Depreciation (annualised)**	6,224.02	6,239.34	6,281.05	6,307.45	6,307.45
11	Cumulative depreciation at the end of the period	40,601.11	46,840.45	53,121.50	59,428.94	65,736.39
12	Less: Cumulative depreciation adjustment on account of de-capitalisation	-	-	-	-	-
13	Net Cumulative depreciation at the end of the period	40,601.11	46,840.45	53,121.50	59,428.94	65,736.39

Essar Transco Limited

(Petitioner)

PART-III
FORM- 11

Calculation of Interest on Working Capital

Name of the transmission Asset: 400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)

(Amount in Rs. Lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
I	**No. of Days in the year**	**365**	**365**	**365**	**366**	**365**
II	**No. of days for which tariff claimed**	**365**	**365**	**365**	**366**	**365**
1	O & M Expenses - one month	94.69	151.54	190.89	114.84	122.63
2	Maintenance Spares 15% of O&M Expenses	170.45	272.77	343.60	206.71	220.73
3	Receivables equivalent to 45 days of AFC	2,545.11	2,527.35	2,495.14	2,270.33	2,174.23
4	Total Working Capital	**2,810.26**	**2,951.66**	**3,029.63**	**2,591.88**	**2,517.59**
5	Reference rate as on 01.04.2024 or as on 01st April of the COD year, whichever is later.	11.90%	11.90%	11.90%	11.90%	11.90%
6	**Interest on Working Capital**	**334.42**	**351.25**	**360.53**	**308.43**	**299.59**

Essar Transco Limited

(Petitioner)

PART-III
FORM- 15

Summary of issue involved in the petition

1	Name of the Petitioner	Essar Transco Limited	
2	Petition Category	Transmission	
3	Tariff Period	2024-29	
4	Name of the Project	400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)	
5	Investment Approval date		
6	SCOD of the Project		
7	Actual COD of the project	22-Sep-18	
8	Whether entire scope is covered in the present petition.	Yes	
9	No. of Assets covered in instant petition	1	
10	No. of Assets having time over run	Nil	
11	Estimated Project Cost as per IA		
12	Is there any REC? if so, provide the date	No	
13	Revised Estimated Project Cost (if any)	Nil	
14	Completion cost for all the assets covered in the instant petition		
15	No. of Assets covered in instant petition and having cost overrun	Nil	
16	**Prayer in brief**		
17	**Key details and any Specific issue involved**		
18	**Respondents**		
	Name of Respondents		
	Central Transmission Utility of India Limited		
	Power grid Corporation of India Limited		
	Power system Operation Corporation Limited		
	Western Region Power Committee		
	M.P. Power Management Company Limited		
	Western Regional Load Despatch Centre		
	Mahan Energen Limited(formerly Essar Power M.P. Limited)		

Essar Transco Limited

Petitioner

PART-III
FORM A

Summary of Capital Cost & Annual Fixed Cost (AFC) Claimed for ALL the assets covered in the present petition.

Name of the Petitioner	Essar Transco Limited
Tariff Period 2024-29	2024-29
Name of the Transmission Project	400 kV D/C transmission line from Mahan Thermal power plant – Sipat Pooling S/S and associated bays (Part-A)
COD of the Project (if entire scope of project is completed)	22-Sep-18

A) Summary of Capital Cost as on COD and Additional Capital Expenditure claimed for all the assets Covered in the instant petition.

Sr. No.	Asset No.	COD	Cut off date	Summary of Actual / Projected Capital Cost						Capital Cost as on 31.03.2029
				As on 31.03.2024	2024-25	2025-26	2026-27	2027-28	2028-29	
1	Part-A	9/22/2018	3/31/2021	117,879.26	-	580.00	1,000.00	-	-	119,459.26
Total Capital Cost Claimed										**119,459.26**

B) Summary of Annual Fixed Cost (AFC) claimed for all the assets covered in the instant petition.

S. No.	Asset No.	2024-25	2025-26	2026-27	2027-28	2028-29
1	Part-A	20,643.70	20,499.63	20,238.32	18,465.34	17,635.38
Total AFC for all the Assets		**20,643.70**	**20,499.63**	**20,238.32**	**18,465.34**	**17,635.38**

Essar Transco Limited

Annexure-7B

Appendix-I

PART-III

TARIFF FILING FORMS (TRANSMISSION & COMMUNICATION SYSTEM)

FOR DETERMINATION OF TARIFF
FY 2024-25 to FY 2028-29

Essar Transco Limited

INDEX

PART-III

Checklist of Forms and other information/ documents for tariff filing for Transmission System & Communication System

Form No.	Title of Tariff Filing Forms (Transmission & Communication System)	Tick
FORM- 1	Summary of Tariff	Y
FORM- 1A	Summary of Asset level cost	Y
FORM-2	Details of Transmission Lines and Substation and Communication System covered in the project scope and O&M for instant asset	Y
FORM-3	Normative parameters considered for tariff computations	Y
FORM- 4	Abstract of existing transmission assets/elements under project, Determination of Effective COD and Weighted Average Life for single AFC for the project as whole.	NA
FORM- 4A	Statement of Capital cost	NA
FORM- 4B	Statement of Capital Works in Progress	NA
FORM- 4C	Abstract of Capital Cost Estimates and Schedule of Commissioning for the New Project/Element	NA
FORM-5	Element wise Break-up of Project/Asset/Element Cost for Transmission System or Communication System	NA
FORM-5A	Break-up of Construction/Supply/Service packages	NA
FORM-5B	Details of all the assets covered in the project	NA
FORM- 6	Actual Cash Expenditure and Financial Package up to COD	NA
FORM- 7	Statement of Additional Capitalisation after COD	Y
FORM- 7A	Financing of Additional Capitalisation	Y
FORM- 7B	Statement of Additional Capitalisation during five year before the end of the useful life of the project.	NA
FORM- 8	Calculation of Return on Equity	Y
FORM-8A	Details of Foreign Equity	NA
FORM-9	Details of Allocation of corporate loans to various transmission elements	NA
FORM-9A	Details of Project Specific Loans	NA
FORM-9B	Details of Foreign loans	NA
FORM-9C	Calculation of Weighted Average Rate of Interest on Actual Loans	Y
FORM-9D	Loans in Foreign Currency	NA
FORM-9E	Calculation of Interest on Normative Loan	Y
FORM- 10	Calculation of Depreciation Rate on original project cost	Y
FORM- 10A	Statement of Depreciation	Y
FORM- 10B	Statement of De-capitalisation	NA
FORM- 11	Calculation of Interest on Working Capital	Y
FORM- 12	Details of time over run	NA
FORM- 12A	Incidental Expenditure during Construction	NA
FORM- 12B	Calculation of IDC & Financing Charges	NA
FORM- 13	Details of Initial spares	NA
FORM- 14	Non-Tariff Income	NA
FORM- 15	Summary of issue involved in the petition	Y
FORM A	Summary of Capital Cost & Annual Fixed Cost (AFC) Claimed for ALL the assets covered in the present petition.	Y

Other Information/ Documents

Sl. No.	Information/Document	Tick
1	Certificate of incorporation, Certificate for Commencement of Business, Memorandum of Association, & Articles of Association (For New Project(s) setup by a company making tariff application for the first time to CERC)	NA
2	Region wise and Corporate audited Balance Sheet and Profit & Loss Accounts with all the Schedules & annexures for the new Transmission System & Communication System for the relevant years.	NA
3	Copies of relevant loan Agreements	NA
4	Copies of the approval of Competent Authority for the Capital Cost and Financial package.	NA
5	Copies of the Equity participation agreements and necessary approval for the foreign	NA
6	Copies of the BPTA/TSA/PPA with the beneficiaries, if any	NA
7	Detailed note giving reasons of cost and time over run, if applicable. List of supporting documents to be submitted: a. Detailed Project Report b. CPM Analysis c. PERT Chart and Bar Chart d. Justification for cost and time Overrun	NA
8	Transmission Licensee shall submit copy of Cost Audit Report along with cost accounting records, cost details, statements, schedules etc. for the transmission system as submitted to the Govt. of India for first two years i.e. 2024-25 and 2025-26 at the time of mid-term true-up in 2026- 27 and for balance period of tariff period 2024-29 at the time of final true-up in 2029-30. In case of initial tariff filing the latest available Cost Audit Report should be furnished.	NA
9	BBMB is maintaining the records as per the relevant applicable Acts. Formats specified herein may not be suitable to the available information with BBMB. BBMB may modify formats suitably as per available information to them for submission of required information for tariff purpose.	NA
10	Any other relevant information, (Please specify)	

Note1: Electronic copy of the petition (in word format) and detailed calculation as per these formats (in excel format) and any other information submitted has to be uploaded in the e-filing website and shall also be furnished in pen drive/flash drive.

Essar Transco Limited

PART-III
FORM- 1

Summary of Tariff

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Sr. No.	Particulars	Form No.	2024-25	2025-26	2026-27	2027-28	2028-29
1	2	3	4	5	6	7	8
1.1	Depreciation	Form 10A	1,784	1,784	1,784	1,784	1,784
1.2	Interest on Loan	Form 9E	2,086	1,827	1,569	1,310	1,052
1.3	Return on Equity[1]	Form 8	1,625	1,625	1,625	1,625	1,625
1.4	Interest on Working Capital	Form 11	88	92	80	77	73
1.5	O & M Expenses	Form 2	135	332	146	152	158
	Total AFC		**5,716**	**5,660**	**5,203**	**4,947**	**4,691**

Note: This Form is a summary form and the Data to this from should flow from other base forms.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 1A

Summary of Asset Level Cost

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

A) Summary of Capital Cost, Means of Finance of the Asset

Particulars	Summary of Actual / Projected Capital Cost						
	As on 01.04.2024	2024-25	2025-26	2026-27	2027-28	2028-29	As on 31.03.2029
Transmission Line	33,778.98	-	-	-	-	-	33,778.98
Substation eqipments	-	-	-	-	-	-	-
Free hold Land	-	-	-	-	-	-	-
Leasehold Land	-	-	-	-	-	-	-
PLCC	-	-	-	-	-	-	-
Furniture / Fixture	-	-	-	-	-	-	-
Building & Civil Works	-	-	-	-	-	-	-
Office Equipments	-	-	-	-	-	-	-
Total	33,778.98	-	-	-	-	-	33,778.98

Note: This form is a summary form and the data to this form should flow from other base forms.

Essar Transco Limited

(Petitioner)

PART-III
Form 2

Details of Transmission Lines, Substations and Communication System covered in the project scope and O&M for instant asset

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

1) Transmission lines

Sr. No.	Name of line	Type of line AC/HVDC	S/C or D/C	No. of Sub-Conductors	Voltage level kV	Line Length km	Date of Commercial operation	Covered in the present petition	
								Yes/No	If No, Petition No.
1	Mahan-Sipta Line (Part-B)	AC	D/C	Quad Bersimis	400 kV	337	22.09.2018	Y	-

Summary:

O&M Expenses for Transmission linces covered in the instant petition	2024-25	2025-26	2026-27	2027-28	2028-29
Normative rate of O&M as per Regulation - Double Circuit (Bundled conductor with four or more sub-conductors) (Rupees in Lakh)	1.29	1.36	1.43	1.51	1.59
Length in km	337	337	337	337	337
O&M Claimed (Rupees in Lakh)	434.42	457.30	481.20	506.77	533.35

2) Substations

Sr. No.	Name of Sub-station	Type of Substation Conventional (Greenfeild/Brownfeild)/GIS/HVDC terminal/ HVDC Back to Back	Voltage level kV	No. of transformers / Reactors/ SVC etc. (with	No. of Bays	MVA/MVAr Capacity	Date of Commercial Operation	Covered in the present Petition	
					400 kV	MVAR		Yes/No	If No, petition No.
1									-

Summary:

O&M Expenses for substations covered in the instant petition	2024-25	2025-26	2026-27	2027-28	2028-29
Normative rate of O&M as per Regulation (Rupees in Lakh)					
No. of Bays	-	-	-	-	-
O&M Claimed (Rupees in Lakh)					

Note:
1. Number of bays is inclusive of line bays, ICT bays, reactor bays etc. Each ICT bays, line bays, reactor bays shall be considered separately for purpose of O&M expenses
2. The MVA Capacity shall exclude the capacity of reactor, FSE, Stat Com
3. O&M expenses for Transmission Licensees whose transmission assets are located solely in NE Region (including Sikkim), States of Uttarakhand, Himachal Pradesh, the Union Territories of

Essar Transco Limited

PART-III
Form 2

Details of Transmission Lines, Substations and Communication System covered in the project scope and O&M for instant asset

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

3) Communication System:

S. No.	Name of Communication System	Type of Communication System- Communication System under ULDC/SCADA/WAMS/Fibre Optic	Length of OPGW links	No. of RTU	No. of PMU	Date of Commercial operation	Capital Cost upto Cutoff date(Original	Covered in the present Petition	
								Yes/No	If No, Petition No.
1									

Summary:

O& M Expenses for the Communication System covered in the instant petition	2024-25	2025-26	2026-27	2027-28	2028-29
The original project cost / Asset related to the communication system	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost	2.0% of the original project cost
O&M expenses as per regulations (2% of Original Project Cost)	-	-	-	-	-
Estimated O&M Expense (Rupees in Lakh)*	0				

Note : 1. The O&M expenses as per regulation shall be worked on based on estimated project cost.
2.Expenses in case of U-NMS shall be allowed on actual basis after due prudence check.
*The actual O&M expenses to be provided at the time of true up.

4) Summary of O&M Expenses claim: (Rupees in Lakh)

Sr. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	A) Normative O&M					
1	Transmission Line	104.26	109.75	115.49	121.62	128.00
2	Substation	-	-	-	-	-
3	Communication system	-	-	-	-	-
	Total Normative O&M	104.26	109.75	115.49	121.62	128.00
	B) O&M Claimed under Regulation 36 (3)(d)					
	Security Expenses	-	-	-	-	-
	Actual Capital Spare consumed[1]	-	192.00	-	-	-
	Insurance Premium Paid[2]	30.40	30.40	30.40	30.40	30.40
	Total O&M Expenses claimed	**134.66**	**332.15**	**145.89**	**152.03**	**158.41**

Note: The security expenses and Capital Spares are to be submitted on estimated basis for the purpose of O&M expenses. In case of additional security deployed, the petitioner shall indicate the same. The actual security and Capital Spares expenses to be provided at the time of true up
1. List of Capital Spares to be provided at the time of truing up. Further, no Capital Spares individually costing upto Rs. 10 lakh shall be claimed.
2. At the time of determination of tariff Insurance Premium shall be estimated which shall be subject to truing up on the basis of actuals.

(Petitioner)

Essar Transco Limited

PART-III
FORM-3

Normative Parameters considered for tariff calculations

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

Year Ending March

Particulars	Unit	2024-25	2025-26	2026-27	2027-28	2028-29
1	2	3	4	5	6	7
Base Rate of Return on Equity	%	15.50%	15.50%	15.50%	15.50%	15.50%
Base Rate of Return on Equity on Additional Capitalization after Cut-off Date[1]	%					
Tax Rate	%	17.472%	17.472%	17.472%	17.472%	17.472%
Effective Tax Rate[2]	%					
Target Availability - HVDC System	%	95%	95%	95%	95%	95%
Target Availability - AC System	%	98%	98%	98%	98%	98%
Normative O&M per km	Rs. Lakh	As shown in Form 2				
Normative O&M per bay	Rs. Lakh					
Normative O&M per MVA/MVAr	Rs. Lakh					
Spares for WC as % of O&M	%	15%	15%	15%	15%	15%
Receivables in Days for WC	Days	45	45	45	45	45
Reference Rate as on first day of financial year[3]	%	11.90%	11.90%	11.90%	11.90%	11.90%

1. The additional capitalization to be equivalent to one year MCLR+350 bps subject to a ceiling of 14.00% in accordance with first Proviso to Regulation 30(3).
2. To be supported by necessary documents and calculations. Effective tax rate is to be computed in accordance with Regulation 31.
3. For Tariff Petition, it should be 1.4.2024, while for True-up Petition, it should be 1st April of the respective financial years.

Petitioner

Essar Transco Limited

PART-III
FORM- 7

Statement of Additional Capitalisation after COD

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)
COD: 22.09.2018

(Amount in Rs. Lakh)

FY 2024-25				
Particulars	**Addition into Gross Block as per Books of Account during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
1	2	3		
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2025-26				
Particulars	**Addition into Gross Block as per Books of Account during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
1	2	3		
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2026-27				
Particulars	**Addition into Gross Block as per Books of Account during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
1	2	3		
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2027-28				
Particulars	**Addition into Gross Block as per Books of Account during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
1	2	3		
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

FY 2028-29				
Particulars	**Addition into Gross Block as per Books of Account during the year**	**Less: Deductions during the year towards**	**Add: Discharge of earlier admitted liability**	**ACE on cash basis for tariff purpose**
1	2	3		
Freehold Land	-	-	-	-
Leasehold Land	-	-	-	-
Building & Civil Works	-	-	-	-
Furniture & Fixtures	-	-	-	-
Office Equipments	-	-	-	-
Transmission Line	-	-	-	-
Sub-Station	-	-	-	-
PLCC	-	-	-	-
Total	-	-	-	-

B) Regulation wise ACE claim on Cash basis

Regulation No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Total Under Regulation 24						
Reg. 25	**ACE within the original scope and after the cut-off date**					
25 (1) (a)	Liabilities to meet award of arbitration etc.					
25 (1) (b)	Change in law or compliance of any existing law					
25 (1) (d)	Liabilities for works exucted prior to the cut-off date					
25 (1) (e)	Force Majeure Events					
25 (1) (f)	Liabilities for works admitted by the commission after the cut-off					
Total Under Regulation 25		-	-	-	-	-
Reg. 26	**ACE within the original scope :**					
26 (1) (a)	Liabilities to meet award of arbitration etc.					
26 (1) (b)	Change in law or compliance of any existing law;	-	-	-	-	-
26 (1) (c)	Force Majeure Events,					
26 (1) (d)	Need for higher security and safety of the plant….		**Change in law or compliance of any existing law**			
26 (1) (i)	Expenditure necessary for efficient operation ncluding works required towards projects acquired through NCLT process 5					
Total Under Regulation 26		-	-	-	-	-
Total ACE claimed for tariff						
Total Admitted ACE during Final tariff[1].						

Note
1. In case the true up, provide the ACE allowed in final tariff and enclose the copy of the tariff order(s).
2. Year wise details of the Work/Equipment proposed to be added after COD upto Cut-off Date/ beyond Cut- off Date has to be provided along with justification
3. In case of de-capitalisation of assets details to be furnished in Form 10B.
4. No ACE towards assets individually costing below Rs. 20 lakh shall be claimed by the Petitioner.
5. The capital cost as per books of accounts and liability should be supported by Auditor Certificate
6 Claim to be substantiated with technical justification and cost benefit analysis

Essar Transco Limited

(Petitioner)

PART-III
FORM- 7A

Financing of Additional Capitalisation

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

	Actual/Projected					Admitted				
Financial Year (starting from COD)	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
1	2	3	4	5	6	7	8	9	10	11
Amount capitalised in Work/Equipment	-	-	-	-	-	-	-			
						-	-			
Financing Details						-	-			
Loan- 1	-	-	-	-	-	-	-			
Laon -2										
Loan-3 and so on						-	-			
Total Loan	-	-	-	-	-	-	-			
						-	-			
Equity	-	-	-	-	-	-	-			
Internal Resources						-	-			
Others	-	-	-	-	-	-	-			
						-	-			
Total	-	-	-	-	-	-	-			

Note:

1. Year 1 refers to Financial Year of COD in case of new elements. For existing elements it is from 2024-25 and Year 2, Year 3 etc. are the subsequent financial years respectively.
2. Loan details for meeting the additional capitalisation requirement should be given as per FORM-9 or 9(A) whichever is relevant.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 8

Calculation of Return on Equity at Normal Rate

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

S.No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
1	2	3	4	5	6	7
	No. of Days in the year	**365**	**365**	**365**	**366**	**365**
	No. of days for which tariff claimed	**365**	**365**	**365**	**366**	**365**
1	Opening Normative Equity	8,649.59	8,649.59	8,649.59	8,649.59	8,649.59
2	Less: Adjustment in Equity*	-	-	-	-	-
3	Adjustment during the year	-	-	-	-	-
4	Net Opening Equity (Normal)	8,649.59	8,649.59	8,649.59	8,649.59	8,649.59
5	Add: Increase in Equity due to addition during the year/period	-	-	-	-	-
6	Less: Decrease due to de-capitalisation during the year/period.	-	-	-	-	-
7	Add: Increase due to discharges during the year/period		-	-	-	-
8	Closing Normative Equity	8,649.59	8,649.59	8,649.59	8,649.59	8,649.59
9	Average Normative Equity	8,649.59	8,649.59	8,649.59	8,649.59	8,649.59
11	Rate of Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
12	Reduced rate of 1% decided by commission under Regulation 30 (2) (if any)					
13	Effective tax rate / MAT rate for the respective years	17.47%	17.47%	17.47%	17.47%	17.47%
14	Rate of Return on Equity (Pre Tax)	18.78%	18.78%	18.78%	18.78%	18.78%
15	Return on Equity on project cost till Cutoff date (Pre Tax)	1,624.52	1,624.52	1,624.52	1,624.52	1,624.52

Note: 1 Adjustment of equity as per Proviso to Regulation 18(3) of 2024 Tariff Regulations.
2. In respect to Equity infusion the Transmission Licensee is required to substantiate with supporting documents such as board resolutions, balance sheet/ reconciliation statement with balance sheet.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 9C

Calculation of Weighted Average Rate of Interest on Actual Loans1

Name of the transmission Asset:

(Amount in Rs. Crs)

Sr. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	1	3	4	5	6	7
1	**Rural Electrification Corporation Limited (REC)**					
	Net loan - Opening	469.62				
	Add: Drawal(s) during the Year	-				
	Less: Net Loan Movement	469.62				
	Net loan - Closing	-				
	Average Net Loan	234.81				
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%				
	Interest on loan	8.40				
2	**Power Finance Corporation (PFC)**					
	Net loan - Opening	185.14				
	Add: Drawal(s) during the Year	-				
	Less: Net Loan Movement	185.14				
	Net loan - Closing	-				
	Average Net Loan	92.57				
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%				
	Interest on loan	3.31				
3	**Axis Bank**					
	Net loan - Opening	55.16				
	Add: Drawal(s) during the Year	-				
	Less: Net Loan Movement	55.16				
	Net loan - Closing	-				
	Average Net Loan	27.58				
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%				
	Interest on loan	0.99				
4	**OCD**					
	Net loan - Opening	-	672.45	636.94	603.31	571.45
	Add: Drawal(s) during the Year	709.93	-	-	-	-
	Less: Net Loan Movement*	37.48	35.51	33.63	31.85	30.17
	Net loan - Closing	672.45	636.94	603.31	571.45	541.28
	Average Net Loan	336.22	654.69	620.12	587.38	556.37
	Rate of Interest on Loan on derived basis based on interest paid divided by Average of Opening and Closing Balance of Loan	14.50%	14.50%	14.50%	14.50%	14.50%
	Interest on loan	90.25	94.93	89.92	85.17	80.67
5	**Total Loan**					
	Net loan - Opening	709.93	672.45	636.94	603.31	571.45
	Add: Drawal(s) during the Year	709.93	-	-	-	-
	Less: Repayment (s) of Loans during the year	747.41	35.51	33.63	31.85	30.17
	Net loan - Closing	672.45	636.94	603.31	571.45	541.28
	Average Net Loan	691.19	654.69	620.12	587.38	556.37
	Interest on loan	102.94	94.93	89.92	85.17	80.67
	Weighted average Rate of interest on Loans	14.50%	14.50%	14.50%	14.50%	14.50%

Note:1. In case of Foreign Loans, the calculations in Indian Rupees is to be furnished as per Form 9(D). However, the calculation in original currency is also to be furnished separately in the same form.
2. In case of already commissioned combined assets the details may be provided asset wise as well as combined.
3. Details of Financing Charges.

Essar Transco Limited

Petitioner

PART-III
FORM-9E

Calculation of Interest on Normative Loan

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

S.No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	No. of Days in the year	**365**	**365**	**365**	**366**	**365**
	No. of days for which tariff claimed	**365**	**365**	**365**	**366**	**365**
1	Gross Normative loan - Opening	25,129.40	25,129.40	25,129.40	25,129.40	25,129.40
2	Cumulative repayment of Normative Loan upto previous year	9,850.94	11,634.47	13,418.00	15,201.53	16,985.06
3	Net Normative loan - Opening	15,278.46	13,494.93	11,711.40	9,927.87	8,144.34
4	Addition in Normative loan towards the ACE	-	-	-	-	-
5	Adjustment of Normative Gross loan pertaining to the decapitalised assset.	-	-	-	-	-
6	Normative Repayments of Normative Loan during the year	1,783.53	1,783.53	1,783.53	1,783.53	1,783.53
7	Adjustment of Cum. repayment pertaining to the decapitalised asset.	-	-	-	-	-
8	Net Normative loan – Closing	13,494.93	11,711.40	9,927.87	8,144.34	6,360.81
9	Average Normative Loan	14,386.69	12,603.16	10,819.63	9,036.10	7,252.57
10	Weighted average Rate of Interest of actual Loans	14.50%	14.50%	14.50%	14.50%	14.50%
11	**Interest on Normative loan**	**2,086.07**	**1,827.46**	**1,568.85**	**1,310.24**	**1,051.62**

Essar Transco Limited

(Petitioner)

PART-III
FORM- 10

Calculation of Depreciation Rate on original project cost

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2024	Additional Capitalization During FY 2024-25	Gross Block as on 31.03.2025	Depreciation Rates as per CERC's Depreciation Rate Schedule [2]	Depreciation Amount for FY 2024-25
	1	2	3	4	5	6= average(2,4) X 5
1	Transmission Line	33,778.98	-	33,778.98	5.28%	1,783.53
2	Substation eqipments	-	-	-	5.28%	-
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
	Total	33,778.98	-	33,778.98	**5.28%**	1,783.53
	Weighted Average Rate of Depreciation (%)					**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2025	Additional Capitalization During FY 2025-26	Gross Block as on 31.03.2026	Depreciation Rates as per CERC's Depreciation Rate Schedule [2]	Depreciation Amount for FY 2025-26
	1	2	3	4	5	6= average(2,4) X 5
1	Transmission Line	33,778.98	-	33,778.98	5.28%	1,783.53
2	Substation eqipments	-	-	-	5.28%	-
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
	Total	33,778.98	-	33,778.98	**5.28%**	1,783.53
	Weighted Average Rate of Depreciation (%)					**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2026	Additional Capitalization During FY 2026-27	Gross Block as on 31.03.2027	Depreciation Rates as per CERC's Depreciation Rate Schedule [2]	Depreciation Amount for FY 2026-27
	1	2	3	4	5	6= average(2,4) X 5
1	Transmission Line	33,778.98	-	33,778.98	5.28%	1,783.53
2	Substation eqipments	-	-	-	5.28%	-
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
	Total	33,778.98	-	33,778.98	**5.28%**	1,783.53
	Weighted Average Rate of Depreciation (%)					**5.28%**

Essar Transco Limited

PART-III
FORM- 10

Calculation of Depreciation Rate on original project cost

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2027	Additional Capitalization During FY 2027-28	Gross Block as on 31.03.2028	Depreciation Rates as per CERC's Depreciation Rate Schedule [2]	Depreciation Amount for FY 2027-28
	1	2	3	4	5	6= average(2,4) X 5
1	Transmission Line	33,778.98	-	33,778.98	5.28%	1,783.53
2	Substation eqipments	-	-	-	5.28%	-
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
	Total	33,778.98	-	33,778.98	**5.28%**	1,783.53
	Weighted Average Rate of Depreciation (%)					**5.28%**

Sl. no.	Name of the Assets[1]	Gross Block as on 31.03.2028	Additional Capitalization During FY 2028-29	Gross Block as on 31.03.2029	Depreciation Rates as per CERC's Depreciation Rate Schedule [2]	Depreciation Amount for FY 2028-29
	1	2	3	4	5	6= average(2,4) X 5
1	Transmission Line	33,778.98	-	33,778.98	5.28%	1,783.53
2	Substation eqipments	-	-	-	5.28%	-
3	Free hold Land	-	-	-	0.00%	-
4	Leasehold Land	-	-	-	3.34%	-
5	PLCC	-	-	-	6.33%	-
6	Furniture / Fixture	-	-	-	6.33%	-
7	Civil Works & Building	-	-	-	3.34%	-
8	Office Equipments	-	-	-	6.33%	-
	Total	33,778.98	-	33,778.98	**5.28%**	1,783.53
	Weighted Average Rate of Depreciation (%)					**5.28%**

Note:
1. Name of the Assets should conform to the description of the assets mentioned in Depreciation Schedule appended to the Notification.
2. For Existing Project Depreciation Rate shall be as per Appendix-I while for New Project the rate shall be as per Appendix-II.

Essar Transco Limited

(Petitioner)

PART-III
FORM- 10A

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
(1)	(2)	(4)	(5)	(6)	(7)	(8)
1	Opening Capital Cost	33,778.98	33,778.98	33,778.98	33,778.98	33,778.98
2	Closing Capital Cost	33,778.98	33,778.98	33,778.98	33,778.98	33,778.98
3	**Average Capital Cost**	**33,778.98**	**33,778.98**	**33,778.98**	**33,778.98**	**33,778.98**
4	Freehold land	-	-	-	-	-
5	Rate of depreciation	5.28%	5.28%	5.28%	5.28%	5.28%
6	Depreciable value	30,401.08	30,401.08	30,401.08	30,401.08	30,401.08
7	Balance useful life at the beginning of the period					
8	Remaining depreciable value	20,550.14	18,766.61	16,983.08	15,199.55	13,416.02
9	**Depreciation (for the period)**	1,783.53	1,783.53	1,783.53	1,783.53	1,783.53
10	**Depreciation (annualised)**	1,783.53	1,783.53	1,783.53	1,783.53	1,783.53
11	Cumulative depreciation at the end of the period	11,634.47	13,418.00	15,201.53	16,985.06	18,768.59
12	Less: Cumulative depreciation adjustment on account of de-capitalisation	-	-	-	-	-
13	Net Cumulative depreciation at the end of the period	11,634.47	13,418.00	15,201.53	16,985.06	18,768.59

Essar Transco Limited

(Petitioner)

PART-III
FORM- 11

Calculation of Interest on Working Capital

Name of the transmission Asset: 400 kV D/C Mahan-Sipat Transmission Line (Part-B)

(Amount in Rs. Lakh)

Sl. No.	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
I	**No. of Days in the year**	**365**	**365**	**365**	**366**	**365**
II	**No. of days for which tariff claimed**	**365**	**365**	**365**	**366**	**365**
1	O & M Expenses - one month	11.22	27.68	12.16	12.67	13.20
2	Maintenance Spares 15% of O&M Expenses	20.20	49.82	21.88	22.80	23.76
3	Receivables equivalent to 45 days of AFC	704.76	697.80	641.49	608.23	578.38
4	Total Working Capital	**736.18**	**775.30**	**675.53**	**643.70**	**615.34**
5	Reference rate as on 01.04.2024 or as on 01st April of the COD year, whichever is later.	11.90%	11.90%	11.90%	11.90%	11.90%
6	**Interest on Working Capital**	**87.61**	**92.26**	**80.39**	**76.60**	**73.23**

Essar Transco Limited

(Petitioner)

PART-III
FORM- 15

Summary of issue involved in the petition

1	Name of the Petitioner	Essar Transco Limited
2	Petition Category	Transmission
3	Tariff Period	2024-29
4	Name of the Project	400 kV D/C Mahan-Sipat Transmission Line (Part-B)
5	Investment Approval date	
6	SCOD of the Project	
7	Actual COD of the project	22-Sep-18
8	Whether entire scope is covered in the present petition.	Yes
9	No. of Assets covered in instant petition	1
10	No. of Assets having time over run	Nil
11	Estimated Project Cost as per IA	
12	Is there any REC? if so, provide the date	No
13	Revised Estimated Project Cost (if any)	Nil
14	Completion cost for all the assets covered in the instant petition	
15	No. of Assets covered in instant petition and having cost overrun	Nil
16	**Prayer in brief**	Approval of Tariff for Mahan - Sipat Transmission line (Part-B)
17	**Key details and any Specific issue involved**	
18	**Respondents**	
	Name of Respondents	
	Central Transmission Utility of India Limited	
	Power grid Corporation of India Limited	
	Power system Operation Corporation Limited	
	Western Region Power Committee	
	M.P. Power Management Company Limited	
	Western Regional Load Despatch Centre	
	Mahan Energen Limited(formerly Essar Power M.P. Limited)	

Essar Transco Limited

Petitioner

PART-III
FORM A

Summary of Capital Cost & Annual Fixed Cost (AFC) Claimed for ALL the assets covered in the present petition.

Name of the Petitioner	Essar Transco Limited
Tariff Period 2024-29	2024-29
Name of the Transmission Project	400 kV D/C Mahan-Sipat Transmission Line (Part-B)
COD of the Project (if entire scope of project is completed)	22-Sep-18

A) Summary of Capital Cost as on COD and Additional Capital Expenditure claimed for all the assets Covered in the instant petition.

Sr. No.	Asset No.	COD	Cut off date	Summary of Actual / Projected Capital Cost						Capital Cost as on 31.03.2029
				As on COD	2024-25	2025-26	2026-27	2027-28	2028-29	
1	Part-B	9/22/2018	3/31/2028	33,778.98	-	-	-	-	-	33,778.98
Total Capital Cost Claimed										**33,778.98**

B) Summary of Annual Fixed Cost (AFC) claimed for all the assets covered in the instant petition.

S. No.	Asset No.	2024-25	2025-26	2026-27	2027-28	2028-29
1	Part-B	5,716.39	5,659.93	5,203.18	4,946.91	4,691.31
Total AFC for all the Assets		**5,716.39**	**5,659.93**	**5,203.18**	**4,946.91**	**4,691.31**

Essar Transco Limited