

POWERGRID ENERGY SERVICES LIMITED

(Wholly Owned Subsidiary of Power Grid Corporation of India Limited)

(CIN: U40100HR2022GOI102016)

ANNUAL REPORT (2022-23)

POWERGRID ENERGY SERVICES LIMITED

(Wholly Owned Subsidiary of Power Grid Corporation of India Limited)

CIN: U40100HR2022GOI102016

Regd. Office: "SAUDAMINI", Plot No. - 2, Sector - 29, Gurugram, Haryana-122001 (IN)

Tel. No.: 0124-2571968

DIRECTORS' REPORT

To,

Dear Shareholders,

It gives me immense pleasure to present, on behalf of the Board of Directors, the First Annual Report of POWERGRID Energy Services Limited on the working of the Company together with Audited Financial Statements and Auditors' Report for the Financial Year starting from 14th March, 2022 till 31st March, 2023.

1. State of the Company's Affairs

POWERGRID Energy Services Limited (PESL) was incorporated on 14th March, 2022 as a Wholly Owned Subsidiary of Power Grid Corporation of India Limited (POWERGRID). Your Company has been incorporated to undertake the Energy Management projects in India and Abroad.

PESL has entered into two agreements for Project Implementation services for Design, Engineering, Procurement, Supply, Erection, testing and Commissioning works of Distribution Infrastructure works under RDSS in February, 2023 with Jammu Power Distribution Corporation Ltd. (JPDCL) and Kashmir Power Distribution Corporation Ltd. (KPDCL), respectively, in various districts of Jammu and Kashmir to be implemented in two years.

In its endeavor towards sustainability, your Company is establishing an 85 MW Grid Connected Ground Mounted Solar PV Power Project at Nagda in Ujjain District of Madhya Pradesh.

2. Financial Performance

| Particulars | ₹ in Lakhs |
|-------------------------|--|
| | 14 th March, 2022 to 31 st March, 2023 |
| Revenue from Operations | - |
| Other Income | 2.57 |
| Total Income | 2.57 |
| Total Expenses | 1,249.80 |

| | |
|--------------------------------------|-----------------|
| Profit before Tax | (1,247.23) |
| Profit after Tax | (933.33) |
| Earnings Per Equity Share (₹) | (42.07) |

3. Share Capital

The Authorized and Paid up Share Capital of the Company as on 31st March, 2023 were ₹10.00 Crore each.

4. Dividend and Transfer to Reserves

Your Directors have not recommended any dividend or transferred any amount to the reserves for the financial year ended 31st March, 2023.

5. Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security or made any investment in any other entity.

6. Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to in Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as **Annexure-I** to the Directors' Report.

7. Material Changes & Commitments

There have been no material changes & commitments affecting the financial position of the Company, which have occurred between the end of the financial year and date of this report.

8. Deposits

Your Company has not accepted any deposit for the period under review.

9. Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures or associate companies.

10. Directors' Responsibility Statement

As required under Section 134(3)(c) & 134(5) of the Companies Act, 2013 (the Act), your Directors confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a

- true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - d. the Directors had prepared the Annual Accounts on a going concern basis; and
 - e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Conservation of Energy:

Your Company has stepped into establishment of large-scale Solar Power Generation. As a first step an 85 MW Grid Connected Ground Mounted Solar PV Power Project in Ujjain District of Madhya Pradesh at Nagda is undertaken by your Company and is currently under various stages of approval. The energy that will be generated from the plant will be used for captive consumption in the Company as an alternate source of energy.

Technology Absorption:

There was no Technology absorption by the Company during the period under review.

Foreign Exchange Earnings and out go:

There was no Foreign Exchange Earnings and out go in the Company for the period under review.

12. Annual Return

In compliance with the provisions of Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, copy of Annual Return of the Company is available on the website of the Power Grid Corporation of India Limited (Holding Company) i.e. www.powergrid.in and can be accessed in the Subsidiaries section of the Investors tab.

13. Board of Directors and Key Managerial Personnel

As on 31st March, 2023, the Board comprised of four Directors viz., Shri Sreekant Kandikuppa, Dr. Vinod Kumar Singh, Shri Ravindra Kumar Tyagi and Shri Dilip Nagesh Rozeekar.

During the period under review, following changes took place in the composition of Board of Directors:

- a. Smt. Seema Gupta ceased to be Director of the Company w.e.f. 31st May, 2022 consequent to her superannuation from POWERGRID.

- b. Shri Ravindra Kumar Tyagi and Shri Dilip Nagesh Rozekar have been appointed as Additional Directors on the Board of the Company w.e.f. 23rd June, 2022 and 08th December, 2022, respectively.
- c. Shri Yugesh Kumar Dixit ceased to be Director of the Company w.e.f. 05th December, 2022, consequent to his transfer to Odisha (Projects).

Further, following changes took place after the closure of financial year under review till the date of the Directors' Report:

- a. Dr. Vinod Kumar Singh ceased to be Director of the Company w.e.f. 31st May, 2023 consequent to his superannuation from POWERGRID.
- b. Shri Purshottam Agarwal has been appointed as an Additional Director on the Board of the Company w.e.f. 02nd June, 2023.

The Board placed on record its appreciation for the valuable contribution, guidance and support given by Smt. Seema Gupta, Shri Yugesh Kumar Dixit and Dr. Vinod Kumar Singh during their tenure as Directors of the Company.

The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Sreekant Kandikuppa, Shri Ravindra Kumar Tyagi, Shri Dilip Nagesh Rozekar and Shri Purshottam Agarwal as Directors, liable to retire by rotation, in the ensuing Annual General Meeting.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Shri Ram Niwas Meena has been appointed as Chief Financial Officer of the Company w.e.f. 23rd March, 2023.

14. Number of Board meetings during the year

Since incorporation i.e. from 14th March, 2022 till end of financial year under review, Seven (07) meetings of Board of Directors were held on 08th April, 2022, 10th May, 2022, 06th September, 2022, 03rd November, 2022, 14th December, 2022, 30th January, 2023 and 23rd March, 2023. The detail of number of meetings attended by each Director during the Financial Year are as under:

| Name of Directors | Designation | No. of Board Meetings entitled to attend during 14th March, 2022 to 31st March, 2023 | No. of Board Meetings attended during 14th March, 2022 to 31st March, 2023 |
|--------------------------|---------------------|---|---|
| Shri Sreekant Kandikuppa | Chairman & Director | 07 | 07 |

| | | | |
|--|----------|----|----|
| Smt. Seema Gupta (ceased w.e.f. 31.05.2022) | Director | 02 | 02 |
| Dr. Vinod Kumar Singh | Director | 07 | 07 |
| Shri Ravindra Kumar Tyagi (appointed w.e.f. 23.06.2022) | Director | 05 | 05 |
| Shri Yugesh Kumar Dixit (ceased w.e.f. 05.12.2022) | Director | 04 | 04 |
| Shri Dilip Nagesh Rozekar (appointed w.e.f. 08.12.2022) | Director | 03 | 02 |

15. Committees of the Board

Audit Committee and Nomination & Remuneration Committee

Being the wholly owned subsidiary of POWERGRID, your Company is not required to constitute an Audit Committee and Nomination & Remuneration Committee in terms of notifications dated 5th July, 2017 and 13th July, 2017 issued by the Ministry of Corporate Affairs (MCA).

Corporate Social Responsibility Committee

The provision of Section 135 of the Companies Act, 2013 read with Rule 5 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 were not applicable to the Company during the period under review.

16. Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July, 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 as per which, the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, your Company, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

17. Performance Evaluation

The provisions of Section 134(3)(p) of the Companies Act, 2013 is not applicable to your Company since the paid-up share capital of the Company does not exceed the threshold limit of Rs. 25 crores as prescribed under Rule 8(4) of Companies (Accounts) Rules, 2014.

18. Statutory Auditors

M/s DMRN & Associates, Chartered Accountants, was appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the period from 14th March, 2022 to 31st March, 2023.

19. Statutory Auditors' Report

M/s DMRN & Associates, Chartered Accountants, the Statutory Auditors for the period from 14th March, 2022 to 31st March, 2023, have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

20. Comptroller and Auditor General's (C&AG) Comments

Comptroller and Auditor General of India have decided not to conduct the supplementary audit under section 143(6) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2023. Copy of letter dated 01st June, 2023 received from C&AG is placed at **Annexure-II** to this report.

21. Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

During the year under review, the Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

22. Secretarial Audit Report

The requirement of obtaining a Secretarial Audit Report from the Practicing Company Secretary is not applicable to the Company for the financial year ended 31st March, 2023.

23. Maintenance of Cost Records of the Company

Maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, is not applicable to your Company during the period under review.

24. Development & Implementation of Risk Management Policy

Your Company, being a wholly owned subsidiary of POWERGRID, is covered under the

Risk Management Framework of POWERGRID, the holding Company.

25. Particulars of Employees

As per Notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

26. Compliance with Secretarial Standards

Your Company has generally followed the Secretarial Standards SS-1 & 2 issued by the Institute of Company Secretaries of India.

27. Prevention of Sexual Harassment at workplace

POWERGRID (the holding Company) has Internal Committee (IC) in place to redress the complaints of sexual harassment.

28. Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and Company's operation in future

No significant / material orders were passed by any authority during the Financial Year under review impacting the going concern status and Company's operation in future.

29. Internal Financial Controls System and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively during the period under review.

30. Right to Information

In compliance with 'Right to Information Act, 2005' (the Act), an appropriate mechanism is in place for promoting transparency and accountability, wherein POWERGRID (Holding Company) has nominated Central Public Information Officer & Appellate Authority for your Company to provide required information under the provisions of the Act.

31. Insolvency and Bankruptcy Code, 2016

During the financial year under review, no application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year is not applicable.

32. Acknowledgement

The Board of Directors place on record their gratitude for the support of Ministry of Power, the Central Electricity Regulatory Commission, the Central Electricity Authority, the Department of Public Enterprises, Power Grid Corporation of India Limited, the Comptroller & Auditor General of India, the Auditors and various other authorities.

For and on behalf of
POWERGRID Energy Services Limited



(K. Sreekant)
Chairman
DIN: 06615674

Date: 25th September, 2023
Place: Gurugram

POWERGRID ENERGY SERVICES LIMITED**FORM No. AOC -2**

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

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

1. Details of contracts or arrangements or transactions not at Arm's length basis.

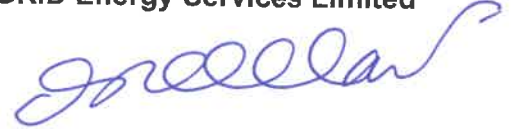
| Sl. No. | Particulars | Details |
|---------|---|---------|
| a) | Name (s) of the related party & nature of relationship | - |
| b) | Nature of contracts/arrangements/transaction | - |
| c) | Duration of the contracts/arrangements/transaction | - |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e) | Justification for entering into such contracts or arrangements or transactions' | - |
| f) | Date of approval by the Board | - |
| g) | Amount paid as advances, if any | - |
| h) | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of Material contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|---|---------|
| a) | Name (s) of the related party & nature of relationship | - |
| b) | Nature of contracts/arrangements/transaction | - |
| c) | Duration of the contracts/ arrangements/ transaction | - |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | - |

| | | |
|----|---------------------------------|---|
| e) | Date of approval by the Board | - |
| f) | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Energy Services Limited



(K. Sreekant)
Chairman
DIN: 06615674

Date: 25th September, 2023
Place: Gurugram

NO.DGA(Energy)/Rep/01-79/A/cS-PESL/2023-24/DIS-822224



भारतीय लेखापरीक्षा एवं लेखा विभाग
कार्यालय महा निदेशक लेखापरीक्षा (ऊर्जा)
नई दिल्ली

INDIAN AUDIT & ACCOUNTS DEPARTMENT
Office of the Director General of Audit (Energy)
New Delhi



Dated: 01/06/2023

सेवा में

अध्यक्ष

पावरग्रिड एनर्जी सर्विसेस लिमिटेड,
गुरुग्राम।

विषय: 31 मार्च 2023 को समाप्त अवधि के लिए पावरग्रिड एनर्जी सर्विसेस लिमिटेड, गुरुग्राम के 2022-23 वार्षिक लेखाओं पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं, पावरग्रिड एनर्जी सर्विसेस लिमिटेड, गुरुग्राम के 31 मार्च 2023 को समाप्त अवधि के लेखाओं पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ।

कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

भवदीय,

संलग्नक:- यथोपरि।

संजय कुमार
(संजय कु. झा.)
महानिदेशक

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID ENERGY SERVICES LIMITED FOR THE PERIOD ENDED 31 MARCH 2023

The preparation of financial statements of Powergrid Energy Services Limited for the period ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(7) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 18.05.2023.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Powergrid Energy Services Limited for the period ended 31 March 2023 under Section 143(6)(a) of the Act.

For and on behalf of the
Comptroller & Auditor General of India



(Sanjay K. Jha)
Director General of Audit (Energy)
New Delhi

Place: New Delhi
Dated: 01-06-2023

INDEPENDENT AUDITORS REPORT

TO

THE MEMBERS OF

POWERGRID ENERGY SERVICES LIMITED

(A wholly owned subsidiary of POWERGRID)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **M/s POWERGRID Energy Services Ltd. (A wholly owned subsidiary of POWERGRID)** ("the Company"), which comprise the standalone Balance Sheet as at 31st March 2023, and the standalone Statement of Profit and Loss account (including other comprehensive income), the standalone Statement of changes in Equity, the standalone statement of Cash Flows for the period from 14th March, 2022 to 31st March, 2023, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 ("Ind AS") 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;

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2023;
- in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of the loss including other comprehensive loss for the period ended on that date.
- in the case of the Statement of Change in Equity, of the changes in equity for the period ended on that date and;
- in the case of the Statement of Cash Flows, of the cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the standalone 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 standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.



• Management's Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the company in accordance with IND AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 material misstatements 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 basis of these standalone 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 standalone 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 misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, 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 the 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality 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 standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. (A) As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the IND AS specified under Section 133 of the Act.
- e) In view of exemption given vide notification no. G.S.R. 463(E) dated June 5, 2015, issued by the Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Company;
- 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- (B) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:



- a) As informed to us the Company does not have any pending litigations which would impact its financial position
 - b) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - c) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - d) There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company.
 - e) Whether the management has represented that, to the best of its knowledge and belief, other than those disclosed in the notes to accounts,
 - i) no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other source or kind of funds) by the company to or in any other person(s) or entities, including foreign entities ("Intermediaries"), with the understanding whether recorded in writing or otherwise that the intermediary shall, 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 Ultimate Beneficiaries.
 - ii) no funds have been received by the company from any person(s) or entities 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.
 - iii) 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) contain any material misstatement.
2. As required by Section 143(5) of the Act, we give in "**Annexure B**", a statement on the direction and sub-directions issued by the Comptroller and Auditor General of India.
 3. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure C**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For DMRN & ASSOCIATES

Chartered Accountants

Firm Reg. No. 008100N


CA Bhawna Bansal

Partner

M. No. 506759



Date : 18th May 2023

Place : Gurgaon

UDIN: 23506759BGRIKS4998

ANNEXURE "A" TO THE INDEPENDENT AUDITORS'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **POWERGRID Energy Services Limited** of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **POWERGRID Energy Services Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company 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 Accountant of India ("the ICAI"). 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 of the Company 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") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting



A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subjects 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting 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 ICAI.

For DMRN & ASSOCIATES

Chartered Accountants

Firm Reg. No. 008100N



CA Bhawna Bansal

Partner

M. No. 506759



Date : 18th May 2023

Place : Gurgaon

UDIN: 23506759BGRIKS4998

ANNETURE "B" TO THE INDEPENDENT AUDITORS'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **POWERGRID Energy Services Limited** of even date)

With reference to the Annexure B referred to in the Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2023, we report the following:

| S.No. | Directions | Auditor's Comment | Impact on Financial Statements |
|-------|---|--|--------------------------------|
| 1. | Whether the Company has a system in place to process all the accounting transactions through the IT system? If yes, the implications of processing accounting transactions the outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The company is having ERP system (SAP) in place for processing all accounting transaction. No accounting transaction is being recorded/ processed otherwise than the ERP system in place. | Nil |
| 2. | Whether there is any restructuring of an existing loan or cases of the waiver/ write-off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? if yes, the financial impact may be stated. Whether such cases properly accounted for? (In the case, the lender is a government company, then this direction is also applicable to the statutory auditor of the lender company. | As per the information and explanation given to us, there are no cases of restructuring of an existing loan or cases of waiver/ write off of debts/ loan/interest etc. made by a lender to the company due to the company's inability to repay the loan. | Nil |
| 3. | Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central/State Governments or its agencies were properly accounted for utilization as per its term and conditions? List the causes of deviation. | As per the information and explanation given to us, no funds from Central/State agencies were received/ receivable for specific schemes during the financial year by the company. | Nil |

For DMRN & ASSOCIATES

Chartered Accountants

Firm Reg. No. 008100N



CA Bhawna Bansal

Partner

M. No. 506759



Date : 18th May 2023

Place : Gurgaon

UDIN: 23506759BGRIKS4998

ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **POWERGRID Energy Services Limited** of even date)

With reference to the Annexure C referred to in the Independent Auditors' Report to the members of the company on the standalone financial statements for the year ended 31st March, 2023, we report the following:

- i. Since the company does not hold any property, plant & equipment and intangible assets, hence the paragraph 3(i) is not applicable to the company.
- ii. (a) Since the company does not hold any inventory, accordingly the paragraph 3(ii)(a) of the order is not applicable to the company.

(b) Since, Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of the security of current assets at any point of time during the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, the Company has not made any loans or Investments made in respect of the provisions of Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- vi. According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- vii. According to the information and explanation given to us, in respect of statutory dues:
 - a). There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
 - b). There are no dues of Income Tax, Sales Tax, Custom Duty, Cess which have not been deposited on account of any dispute.
- viii. 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.
- ix.
 - a). The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
 - b). The Company has not been declared willful defaulter by any bank or financial institution or government or any other government authority.
 - c). The Company has not taken any term loan during the period and there are no outstanding term



loans at the beginnings of the period and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

- d). The Company has not raised any funds on short term basis. Hence reporting under clause 3(ix)(d) of the Order is not applicable.
- e). On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f). The company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

x.

- a). The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the period and hence, clause 3(x)(a) of the order is not applicable to the Company.
- 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 hence reporting under clause 3(x)(b) of the Order is not applicable.

xi.

- a). To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the period.
- 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 upto the date of this report.
- c). According to the information and explanations given to us, no whistle- bower complaints have been received during the year by the Company.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, Internal Audit as per Section 138 of the Act is not applicable to the Company during the period, hence reporting under clause (xiv) of the Order is not applicable.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

xvi.

- a). The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clauses 3(xvi)(a) of the Order is not applicable.
- b). The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- c). According to the information and explanations provided to us during the course of audit, the Group does not have any CICs.

xvii. The Company was incorporated on March 14th, 2022 and is yet to commence commercial operation. The



revenue from operation was NIL during the period 14th March, 2022 to 31st March, 2023. The Company has incurred cash loss of Rs. 1,247.23 Lakhs which are preliminary expenses during the financial period covered by our audit.

- 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.
- xx. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to comply with Section 135 of the Companies Act, 2013 therefore, clause 3(xx) of the Order is not applicable.

For DMRN & ASSOCIATES

Chartered Accountants

Firm Reg. No. 008100N



CA Bhawna Bansal

Partner

M. No. 506759



Date : 18th May 2023

Place : Gurgaon

UDIN: 23506759BGRIKS4998

Compliance Certificate

We have conducted the audit of annual stand-alone accounts of POWERGRID Energy Services Limited for the period from 14th March, 2022 to 31st March, 2023 in accordance with the direction/sub-directions issued by the Comptroller and Auditor General of India under Section 143(5) of Companies Act, 2013 and certify that we have complied with all the direction/Sub-direction issued to us.

For DMRN & ASSOCIATES

Chartered Accountants

Firm Reg. No: 008100N



CA Bhawna Bansal

Partner

M. No: 506759



Date: 18th May 2023

Place: Gurgaon

UDIN: 23506759BGRIKS4998

POWERGRID Energy Services Limited
(A wholly owned subsidiary of POWERGRID)
Saudamini, Plot No. - 2, Sector - 29, Gurugram, Haryana, India, 122001
CIN U40100HR2022GOI102016
Balance Sheet as at 31st March, 2023

(₹ in Lakhs)

| Particulars | Note No | As at 31st March 2023 |
|--|---------|-----------------------|
| A ASSETS | | |
| 1 Non-current assets | | |
| Capital work-in-progress | 4 | 342.92 |
| Deferred tax Asset (Net) | 5 | 313.90 |
| Other non-current assets | 6 | 321.56 |
| | | 978.38 |
| 2 Current assets | | |
| Financial Assets: - | | |
| Cash and cash equivalents | 7 | 5.02 |
| Bank balances other than cash & cash equivalents | 8 | 4,345.82 |
| Other current financial assets | 9 | 0.04 |
| Other current assets | 10 | 260.81 |
| | | 4,611.69 |
| Total Assets | | 5,590.07 |
| B EQUITY AND LIABILITIES | | |
| 1 Equity | | |
| Equity Share capital | 11 | 1,000.00 |
| Other Equity | 12 | (933.33) |
| | | 66.67 |
| 2 Liabilities | | |
| (i) Current liabilities | | |
| Financial Liabilities | | |
| (ii) Trade payables | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 13 | 0.44 |
| (iii) Other current financial liability | 14 | 1,842.74 |
| Other current liabilities | 15 | 3,680.22 |
| | | 5,523.40 |
| Total Equity and Liabilities | | 5,590.07 |

The accompanying notes (1 to 37) form an integral part of Financial Statements
As per our report of even date

For DMRN & Associates
Chartered Accountants
Firm Reg.No.-008100N



CA Bhawna Bansal
Partner
M.No.-506759

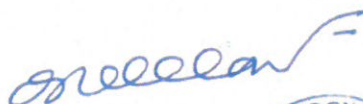
Place: Gurgaon

Date: 18 MAY 2023

UDIN: 23506759BGRK54998



For and on behalf of The Board of Directors



K Sreekant
Chairman, PESL
DIN: 06615674
Place: Gurgaon
Date: 17/5/23





R K Tyagi
Director, PESL
DIN: 09632316
Place: Gurgaon
Date: 17/5/23





R N Meena
SR. G M Finance
(Chief Financial Officer)
PAN: ACMPM6699P
Place: Gurgaon
Date: 17/05/23



POWERGRID Energy Services Limited
(A wholly owned subsidiary of POWERGRID)
Saudamini, Plot No. - 2, Sector - 29, Gurugram, Haryana, India, 122001
CIN U40100HR2022GOI102016

Statement of Profit and Loss for the period from 14th March, 2022 to 31st March, 2023

(₹ in Lakh)

| Sl. No. | Particulars | Note No. | For the period from 14th March, 2022 to 31st March, 2023 |
|---------|--|----------|--|
| I | Revenue From Operations | | |
| II | Other Income | 16 | 2.57 |
| III | Total Income (I+II) | | |
| IV | EXPENSES | | |
| | Finance costs | | |
| | Depreciation and amortization expense | | |
| | Other expenses | 17 | 1,249.80 |
| | Total expenses (IV) | | 1,249.80 |
| V | Profit before Tax (III-IV) | | (1,247.23) |
| VI | Tax expense: | | |
| | Current tax - For Current Year | | |
| | - For Earlier Years | | |
| | Deferred tax | | (313.90) |
| | | | (313.90) |
| VII | Profit for the period (V-VI) | | (933.33) |
| VIII | Other Comprehensive Income | | |
| | Items that will not be reclassified to profit or loss (net of tax) | | |
| IX | Total Comprehensive Income for the period (VII+VIII) | | (933.33) |
| X | Earnings per equity share (Face value of ₹10/- each): | | |
| | Basic (In ₹) | | (42.07) |
| XI | Earnings per equity share (Face value of ₹10/- each): | | |
| | Diluted (In ₹) | | (42.07) |

The accompanying notes (1 to 37) form an integral part of Financial Statements

As per our report of even date

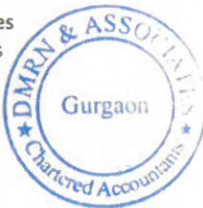
For DMRN & Associates
Chartered Accountants
Firm Reg.No.-008100N


CA Bhawna Bansal
Partner
M.No.-506759

Place: Gurgaon

Date: 18 MAY 2023

UDIN: 23506759BGRKS4998



For and on behalf of The Board of Directors

K Sreekant

Chairman, PESL

DIN: 06615674

Place: Gurgaon

Date: 17/5/23





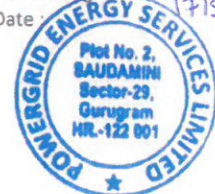
R K Tyagi

Director, PESL

DIN: 09632316

Place: Gurgaon

Date: 17/5/23





R N Meena

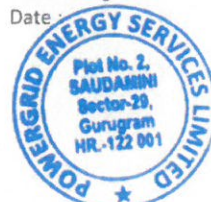
SR. G M Finance

(Chief Financial Officer)

PAN: ACMPM6699P

Place: Gurgaon

Date: 17/5/23



POWERGRID Energy Services Limited
(A wholly owned subsidiary of POWERGRID)
Saudamini, Plot No. - 2, Sector - 29, Gurugram, Haryana, India, 122001
CIN U40100HR2022GOI102016
Statement of cash flows for the period 14th March, 2022 to 31st March, 2023

(₹ in Lakh)

| Sl. No. | Particulars | For the period 14th March, 2022 to 31st March, 2023 |
|----------|--|---|
| A | CASH FLOW FROM OPERATING ACTIVITIES | |
| | Profit before tax | (1,247.23) |
| | Adjustments for: | |
| | Interest income from bank | (2.57) |
| | | (2.57) |
| | Operating profit before Changes in Assets and Liabilities | (1,249.80) |
| | Adjustment for changes in Assets and Liabilities: | |
| | (Increase)/Decrease in Other current financial assets | (0.04) |
| | (Increase)/Decrease in Other Bank Balances | (4,345.82) |
| | (Increase)/Decrease in Other current assets | (260.81) |
| | Increase/(Decrease) in Trade Payables | 0.44 |
| | Increase/(Decrease) in Other current financial liabilities | 1,499.82 |
| | Increase/(Decrease) in Other current liabilities | 3,680.22 |
| | | 573.81 |
| | Cash generated from operations | (675.99) |
| | Direct Taxes (Paid)/Refund | (0.28) |
| | Net Cash Flow from operating activities | (676.27) |
| B | CASH FLOW FROM INVESTING ACTIVITIES | |
| | Capital work in progress (including advance for capital expenditure) | (321.28) |
| | Interest income from banks | 2.57 |
| | Net Cash used in Investing Activities | (318.71) |
| C | CASH FLOW FROM FINANCING ACTIVITIES | |
| | Proceeds from issue of shares | 1,000.00 |
| | Net cash from financing activities | 1,000.00 |
| D | Net change in cash and cash equivalents (A+B+C) | 5.02 |
| E | Cash and cash equivalent (opening balance) | |
| F | Cash and cash equivalent (Closing balance) (Refer note 7) | 5.02 |

Further notes:

Note 1 - Cash and cash equivalents consists of balances with banks and deposits with original maturity of upto three months.

Note 2 - Previous Year Figures have been re-grouped/re-arranged wherever necessary.

The accompanying notes (1 to 37) form an integral part of Financial Statements

As per our report of even date

For DMRN & Associates
Chartered Accountants
Firm Reg.No.-008100N

CA Bhawna Bansal
Partner
M.No.-506759

Place: Gurgaon

Date: 18 MAY 2023

UDIN: 23506759BGRK54998

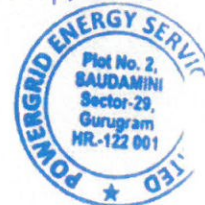
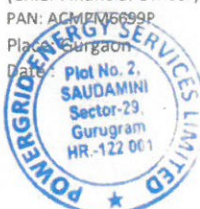


For and on behalf of The Board of Directors

K Sreekant
Chairman, PESL
DIN: 06615674
Place: Gurgaon
Date: 17/5/23

R K Tyagi
Director, PESL
DIN: 09632316
Place: Gurgaon
Date: 17/5/23

R N Meena
SR. G M Finance
(Chief Financial Officer)
PAN: ACMIM6699P
Place: Gurgaon
Date: 17/5/23



POWERGRID Energy Services Limited
(A wholly owned subsidiary of POWERGRID)
Saudamini, Plot No. - 2, Sector - 29, Gurugram, Haryana, India, 122001
CIN U40100HR2022GOI102016

Statement of changes in Equity for the period 14th March, 2022 to 31st March, 2023

| A. Equity Share Capital | | (₹ in Lakh) |
|---|--|-------------|
| As at 14th March, 2022 | | - |
| Changes during the year (refer note 11) | | 1,000.00 |
| As at 31st March, 2023 | | 1,000.00 |

| B. Other Equity | | | (₹ in Lakh) |
|---|-------------------|----------|-------------|
| Particulars | Reserve & Surplus | Total | |
| | Retained Earnings | | |
| As at 14th March, 2022 | - | - | - |
| Total Comprehensive income for the period | (933.33) | (933.33) | |
| As at 31st March, 2023 | (933.33) | (933.33) | |

The accompanying notes (1 to 37) form an integral part of Financial Statements
Refer to Note 12 for Nature and movement of Other Equity

As per our report of even date

For DMRN & Associates
Chartered Accountants
Firm Reg.No.-008100N

CA Bhawna Bansal
Partner
M.No.-506759

Place: Gurgaon
Date : 18 MAY 2023
UDIN: 23506759B621KS4998

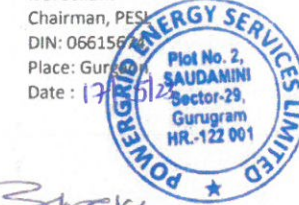


For and on behalf of The Board of Directors

K Sreekant
Chairman, PESL
DIN: 0661567
Place: Gurgaon
Date : 17/5/23

R N Meena
SR. G M Finance
(Chief Financial Officer)
PAN: ACMPM6699P
Place: Gurgaon
Date : 17/5/23

R K Tyagi
Director, PESL
DIN: 09632316
Place: Gurgaon
Date : 17/5/23



Notes to Financial Statements

1. Corporate and General Information

POWERGRID Energy Services Limited ("the Company") is a **public** company domiciled and incorporated in India under the provisions of Companies Act and a wholly owned subsidiary of Power Grid Corporation of India Limited. The registered office of the Company is situated at Saudamini, Plot No. - 2; Sector - 29, Gurugram, Haryana, India, 122001, India.

The company is engaged in business of investing and/or act as Project Management Consultant in new and emerging business areas viz. Energy Management, Transmission & Distribution business, Electric Vehicle charging infrastructure, Energy Storage, Smart Grid etc.

The date of commencement of business of company is 04th May, 2022.

The Financial Statements of the Company for the Period ended 31st March, 2023 were approved for issue by the Board of Directors on 17th May, 2023.

2. Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value (Refer Note no. 2.11 for accounting policy regarding financial instruments).

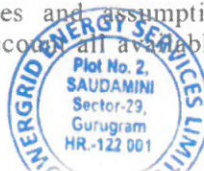
iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual

3m 11



results could differ from estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

The Company recognizes twelve months period as its operating cycle.

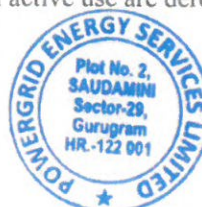
2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortization and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

32/12/20



If the cost of the replaced part or earlier inspection component is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land if incurred for construction of building is capitalized as part of cost of the related building.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

The acquisition or construction of some items of property, plant and equipment although not directly increasing the future economic benefits of any particular existing item of property, plant and equipment, may be necessary for the company to obtain future economic benefits from its other assets. Such items are recognized as property, plant and equipment

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit and Loss as incurred.

Derecognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of office and Projects, directly attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.



Deposit works/cost-plus contracts are accounted for on the basis of statement received from the contractors or technical assessment of work completed.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

Expenditure on research is recognised as an expense when it is incurred.

Expenditure on development activities shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.5 Depreciation / Amortisation

Property, Plant and Equipment

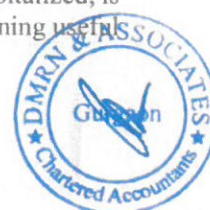
Depreciation/amortisation on the items of property, plant and equipment is provided on straight line method as per useful life specified in Schedule II of the Companies Act, 2013, except for the following items of property, plant and equipment on which depreciation is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|------------------------------------|-------------|
| a. Computers & Peripherals | 3 years |
| b. Servers & Network Components | 5 years |
| c. Solar PV Project Equipment | 25 Years |
| d. Buildings (RCC frame structure) | 35 years |

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets.

Mobile phones are charged off in the year of purchase.

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Residual value is considered as 5% of the Original Cost for all items of Property, Plant and Equipment in line with Companies Act, 2013 except for Computers and Peripherals and Servers and Network Components for which residual value is considered as Nil.

Property, plant and equipment costing ₹5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively.

Depreciation on additions to/ deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/ disposed.

The residual values, useful lives and methods of depreciation for items of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, wherever required.

Right of Use Assets:

Right of Use assets are fully depreciated from the lease commencement date on a straight line basis over the lease term.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower. Leasehold land acquired on perpetual lease is not amortized.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over twenty-five years from the date of capitalization of related solar assets following the straight line method, with Nil Residual Value.

Amortisation on additions to/ deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/ disposed.

The amortization period and the amortization method for intangible assets is reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.7 Impairment of non-financial assets

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The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

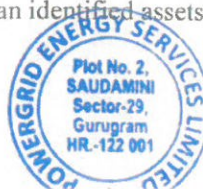
The diminution in the value of obsolete/unserviceable/surplus stores and spares and non-moving unserviceable inventories is ascertained on review and provided for.

2.10 Leases

Lease is a contract that 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 use of an identified assets, (ii) the customer

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has substantially all the economic benefits from the use of the asset through the period of the lease and (iii) the customer has the right to direct the use of the asset.

i) As a Lessee

At the date of commencement of the lease, the Company recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for lease with a term of twelve months or less (i.e. short-term leases) and leases for which the underlying asset is of low value. For these short-term and leases for which the underlying asset is of low value, the Company recognizes the lease payments on straight-line basis over the term of the lease.

Certain lease arrangements include the option 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 amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease along with any initial direct costs, restoration obligations and lease incentives received.

Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The Company applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the accounting policy 2.7 on "Impairment of non-financial assets".

The lease liability is initially measured at present value of the lease payments that are not paid at that date.

The interest cost on lease liability is expensed in the Statement of Profit and Loss, unless eligible for capitalization as per accounting policy 2.6 on "Borrowing costs".

Lease liability and ROU asset have been separately presented in the financial statements and lease payments have been classified as financing cash flows.

ii) As a Lessor

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

Net investment in leased assets is recorded at the lower of the fair value of the leased property and the present value of the minimum lease payments as Lease Receivables under current and non-current other financial assets.

The interest element of lease is accounted in the Statement of Profit and Loss over the lease period based on a pattern reflecting a constant periodic rate of return on the net investment.

b) Operating leases

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An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

2.11 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.

Classification

The Company classifies its financial assets in the following categories:

- at amortized cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

Initial recognition and measurement

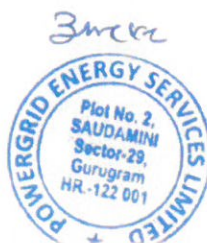
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs, if any, that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction prices.

Subsequent Measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt instruments at Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Interest income and net gain or loss on a debt instrument that is subsequently measured at FVPL are recognised in statement of profit and loss and presented within other income in the period in which it arises.



Equity Investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at 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 or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition of financial assets

A financial asset is derecognized only when

- i) The right to receive cash flows from the asset have expired, or
- ii) a) The company has transferred the rights to receive cash flows from the financial asset (or) retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients and
- b) the company has transferred substantially all the risks and rewards of the asset (or) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the amount of consideration received/receivable is recognised in the statement of Profit and Loss.

Impairment of financial assets:

For trade receivables and Contract assets, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in 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 recognizing impairment loss allowance based on 12 -Month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligations to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans and borrowings, trade, and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are directly attributable to the issue of financial liabilities.

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Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR. Gains and losses are recognized in the Statement of Profit and Loss when the liabilities are derecognized.

The EIR amortization is included as finance costs in the Statement of Profit and Loss.

Derecognition of financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

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

2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.

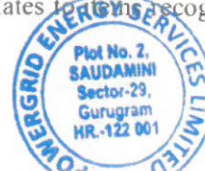
(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage. Exchange differences arising from foreign currency translation are recognized in the Statement of Profit and Loss.

2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in

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equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted and applicable to the reporting period in the countries where the company operates and generates taxable income and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14 Revenue

Revenue is measured based on the transaction price to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer.

Amounts disclosed as revenue are net of returns, trade allowances, rebates.

2.14.1 Revenue from Operations

Income from consultancy contracts, is recognised in the basis of terms of agreements/ purchase orders from the customers.

Income from consultancy contracts is accounted for on technical assessment of progress of services rendered.

As at each reporting date, income includes an accrual for services rendered to the customers but not yet billed.

Rebates on early payment are deducted from the amount of revenue.

2.14.2 Other Income

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

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Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap is accounted for as and when sold.

Insurance claims are accounted for based on certainty of realization.

Dividend income is recognized when right to receive payment is established

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15 Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in equity.

2.16 Provisions and Contingencies

a) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. 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.

b) Contingencies

Contingent liabilities are disclosed on the basis of judgment of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

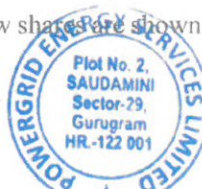
Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

2.17 Share capital and Other equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.



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2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earning per share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity' shares outstanding during the year, except where the result would be anti-dilutive.

2.20 Statement of Cash Flows

Statement of Cash Flows is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.

3 Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgments are:

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

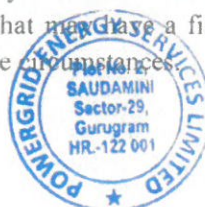
The Company reviews at the end of each reporting date the useful life of plant and equipment and is adjusted prospectively, if appropriate.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities, and Contingent Assets'. The evaluation of the likelihood of the contingent events has required the best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

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POWERGRID Energy Services Limited
(A wholly owned subsidiary of POWERGRID)
Saudamini, Plot No. - 2, Sector - 29, Gurugram, Haryana, India, 122001
CIN U40100HR2022GOI102016

Note 4/ Capital Work in Progress

| Particulars | As at March 14th, 2022 | | | | As at March 31st, 2023 | |
|--|------------------------|---------------|-------------|-------------------------------|------------------------|---------------|
| | A | B | Adjustments | Capitalized during the period | D | E= (A+B+C-D) |
| Plants and Equipments (including associated civil works) | | | | | | |
| Incidental Expenditure during construction | | 342.92 | | | | 342.92 |
| Total | | 342.92 | | | | 342.92 |

Refer Note # 34 (b) for ageing schedule of Capital WIP.



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Note 5/ Deferred Tax Assets/(Liabilities) (net)

| Particulars | As at 31st March 2023 | (₹ in Lakh) |
|--------------------------------------|-----------------------|---------------|
| Deferred Tax Assets (A) | | |
| Brought Forward Business Loss | | 313.90 |
| Total Deferred Tax Assets (A) | | 313.90 |

Movements in Deferred Tax Assets

| Particulars | Unused Tax Losses | Preliminary Expenses to be written off in 5 years | Total | (₹ in Lakh) |
|--------------------------------------|-------------------|---|-------|---------------|
| As at 14th March, 2022 | | | | |
| Charged/(Credited) to Profit or Loss | 312.04 | 1.86 | | 313.90 |
| As at 31st March, 2023 | 312.04 | 1.86 | | 313.90 |

Amount Taken to Statement of Profit and Loss

| Particulars | For the period 14th March, 2022 to 31st March, 2023 | (₹ in Lakh) |
|---|---|-------------|
| (Increase)/Decrease in Deferred Tax Assets | (313.90) | |
| Increase/(Decrease) in Deferred Tax Liabilities | | |
| Net amount taken to Statement of Profit and Loss | (313.90) | |



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CIN U40100HR2022GOI102016

| Particulars | As at 31.03.2023 |
|--|---------------------|
| Note 6/Other non-current assets | |
| | (₹ in Lakh) |
| Other non-current assets | Amount (Rs.) |
| 1 Advance Tax and Tax Deducted at Source | 0.28 |
| 2 Advance to Madhya Pradesh Power Transmission Company Ltd. (MPPTC) for 220 KV Bay Works | 321.28 |
| Total | 321.56 |
| Note 7/Cash and cash equivalents | |
| | (₹ in Lakh) |
| Cash and cash equivalents | Amount (Rs.) |
| Balance with Banks | |
| 1 In Current Account ICICI Bank Ltd. Current A/c No. 057205000407 | 5.02 |
| Total | 5.02 |
| Note 8/Bank balances other than cash & cash equivalents | |
| | (₹ in Lakh) |
| Bank balances other than cash & cash equivalents | Amount (Rs.) |
| Balance with Banks | |
| 1 In Term Deposit (with maturity over 3 months but upto 12 months) | 4,345.82 |
| Total | 4,345.82 |
| Note 9/Other Current Financial Assets | |
| | (₹ in Lakh) |
| Other Current Financial Assets | Amount (Rs.) |
| Others | |
| 1 TDS Recovery on Provision | 0.04 |
| Total | 0.04 |
| Note 10/Other Current Assets | |
| | (₹ in Lakh) |
| Other Current Assets | Amount (Rs.) |
| 1 Others- includes GST input tax credit | 260.81 |
| Total | 260.81 |



Note 11/ Equity Share Capital

| (₹ in Lakh) | |
|---|---------------------|
| | As at 31.03.2023 |
| Equity Share Capital | Amount (Rs.) |
| Authorised Share Capital (1,00,00,000 equity shares of Rs. 10/- each at par) | 1,000.00 |
| Issued, Subscribed and Paid up Share Capital | |
| 1,00,00,000 fully paid up equity shares of Rs. 10/- each at par | 1,000.00 |
| Total | 1,000.00 |

Further Notes: -

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the period from 14th March, 2022 to 31st March, 2023 | |
|--|--|------------------------|
| | No. of Shares | Amount (Rs.) |
| Shares Outstanding at the beginning of the period | | |
| Shares Issued During the period | 1,00,00,000.00 | 10,00,00,000.00 |
| Shares Outstanding at the end of the period | 1,00,00,000.00 | 10,00,00,000.00 |

2) The company has only one class of equity shares having a par value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meeting of the shareholders.

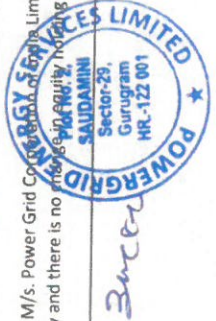
4) Shareholders holding more than 5% equity shares of the company

| Particulars | As at 31st March 2023 | |
|---|-----------------------|-----------------|
| | No. of Shares | Amount (Rs.) |
| Power Grid Corporation of India Limited (Holding Company) # | 1,00,00,000.00 | 10,00,00,000.00 |

5) Shareholding by promoters

| Particulars | As at 31st March 2023 | | |
|---|-----------------------|--------------|--------------------------|
| | No. of Shares | % of holding | % change during the year |
| Power Grid Corporation of India Limited (Holding Company) # | 1,00,00,000.00 | 100% | Nil |

Out of 1,00,00,000 Equity Shares, 6 Equity Shares are held by Nominees of M/s. Power Grid Corporation of India Limited on its behalf. M/s. Power Grid Corporation of India Limited is the promoter of the company and there is no change in equity holding percentage during the year.



Note 12/Other Equity

| | As at 31.03.2023 |
|--|------------------|
| Other Equity | (₹ in Lakh) |
| 1 Retained Earnings:- | Amount (Rs.) |
| 2 Balance at the beginning of the period | - |
| 3 Add:- Net profit for the period | (933.33) |
| Balance at the end of the period | (933.33) |

Note 13/Trade Payables

| | |
|--|--------------|
| Other Current Financial Liability | (₹ in Lakh) |
| Others | Amount (Rs.) |
| 1 Total o/s dues of creditors of MSME | - |
| 2 Total o/s dues of creditors of other than MSME | 0.44 |
| Total | 0.44 |

Aging of Trade payables is as follows

| Particulars | Not Billed | <1Y | 1Y-2Y | 2Y-3Y | >3Y | Total |
|-------------------------|------------|-------------|-------|-------|-----|-------------|
| As at 31.03.2023 | | | | | | |
| MSME | | | | | | |
| Disputed | - | - | - | - | - | - |
| Undisputed | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |
| Others | | | | | | |
| Disputed | - | - | - | - | - | - |
| Undisputed | - | 0.44 | - | - | - | 0.44 |
| Total | - | 0.44 | - | - | - | 0.44 |

Note 14/Other Current Financial Liability

| | |
|---|-----------------|
| Other Current Financial Liability | (₹ in Lakh) |
| Others | Amount (Rs.) |
| 1 Due for Capital Expenditure | - |
| 2 Related Party Due - Power Grid Corporation of India Limited (Holding Co.) | 1,842.44 |
| 3 Others | 0.30 |
| Total | 1,842.74 |

Note: - Refer Note #25 for amount payable to related party.

Note 15/Other Current Liabilities

| | |
|----------------------------------|-----------------|
| Other Current Liabilities | (₹ in Lakh) |
| Amount (Rs.) | |
| 1 Advance From Customers | 3,663.45 |
| 2 Statutory Dues* | 16.77 |
| Total | 3,680.22 |

* Includes TDS Liability



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POWERGRID Energy Services Limited
(A wholly owned subsidiary of POWERGRID)
Saudamini, Plot No. - 2, Sector - 29, Gurugram, Haryana, India, 122001
CIN U40100HR2022GOI102016

| Particulars | | For the period from 14th March, 2022 to 31st March, 2023 |
|--|---------------------------|---|
| Note 16/Other Income | | |
| | | (₹ in Lakh) |
| Other Income | | Amount (Rs.) |
| 1 | Interest Income from CLTD | 2.57 |
| Total | | 2.57 |
| Note 17/Other Expense | | |
| | | (₹ in Lakh) |
| Other Expense | | Amount (Rs.) |
| 1 | Manpower expenses | 1,239.70 |
| 2 | Audit Fees | 0.35 |
| 3 | Consultancy Charges | 257.92 |
| 4 | Professional Charges | 42.50 |
| 5 | Pre Project Expenses | 42.50 |
| 6 | Other misc. Expense | 9.75 |
| Less:- Expenditure during construction (net) - refer note 18 | | 342.92 |
| Total | | 1,249.80 |
| Note 18/Expenditure during Construction (Net) | | |
| Expenditure during Construction | | Amount (Rs.) |
| Other Expenses | | |
| 1 | Consultancy Charges | 257.92 |
| 2 | Professional Charges | 42.50 |
| 3 | Pre Project Expenses | 42.50 |
| Total | | 342.92 |

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19. Party Balances and Confirmations

a. Some balances shown under Assets and Payables shown under Liabilities include balances subject to confirmation/reconciliation and consequential adjustments if any. However, reconciliations are carried out on an ongoing basis. The management does not expect any material adjustment in the books of accounts as a result of the reconciliation.

b. In the opinion of the management, the value of any of the assets other than Property, Plant and Equipment on realization in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.

20. Auditors Remuneration

(Rs in Lakh)

| S. No. | Particulars | For the period 14 th March, 2022 to 31 st March, 2023 |
|--------|-----------------------------------|---|
| 1. | Audit Fees | 0.35 |
| 2. | Other Matters (In other capacity) | 0.00 |
| | Total | 0.35 |

(Applicable Taxes Extra)

21. Employee Benefits

The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, leave encashment, post-retirement benefits etc.), in respect of personnel working for the company are being paid by holding company and holding company is raising the invoice to the Subsidiary company towards Manpower Cost (Other Income)/Consultancy charges as per the agreement.

Since there are no employees in the company, the obligation as per Ind-AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

22. Leases

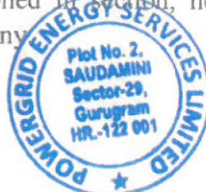
The company does not have any lease arrangements either as a lessor or lessee therefore Ind AS 116 "leases" does not apply to the company.

23. Corporate Social Responsibilities (CSR) :

As per section 135 of the Companies Act, 2013, along with Companies (Corporate Social Responsibility Policy) Rules, 2021 read with DPE guidelines no F.NO.15 (13)/2013-DPE (GM), the Company is required to spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in accordance with its Corporate Social Responsibility Policy.

Since company does not meet conditions mentioned in section, hence section 135 of the Companies Act, 2013 is not applicable to the company.

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24. Fair Value Measurements

Assets and Liabilities which are measured at amortised cost for which Fair values are disclosed

| Financial Instruments by category | (₹ in lakh) |
|---|------------------|
| | As at 31.03.2023 |
| | Amortised cost |
| Financial Assets | |
| Trade Receivables | 0.00 |
| Cash & cash Equivalents | 5.02 |
| Bank balances other than cash & cash equivalent | 4,345.82 |
| Other Current Financial Assets | 0.04 |
| Total Financial assets | 4,350.88 |
| Financial Liabilities | |
| Trade Payables other than MSME | 0.44 |
| Other current Financial Liability | 1,842.74 |
| Total financial liabilities | 1,843.18 |

(i) Fair Value Hierarchy

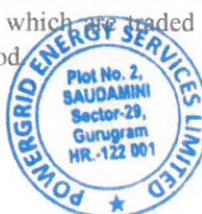
This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An Explanation of each level follows underneath the table.

Financial instruments that are measured at Amortised Cost:

| Particulars | Level | (₹ in lakh) | |
|--|-------|------------------|------------|
| | | As at 31.03.2023 | |
| | | Carrying Amount | Fair Value |
| Financial Assets | | | |
| | | | |
| Total Financial Assets | | | |
| Financial Liabilities | | | |
| Borrowings | 2 | | 0 |
| Deposits/retention money from contractors and others | 2 | | 0 |
| Total financial liabilities | | | |

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity Instruments and traded bonds which are traded in the stock exchanges valued using the closing price as at the reporting period.



Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification assets included in level 3.

There are no transfers between levels 1 and 2 during the year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

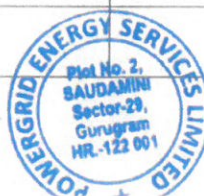
25. Disclosure as per Ind AS 24 - "Related Party Disclosures"

(a) Holding Company

| Name of Entity | Place of business/ Country of incorporation | Proportion of Ownership Interest |
|---|---|----------------------------------|
| | | As at 31.03.2023 |
| Power Grid Corporation of India Limited | India | 100% |

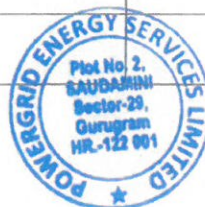
(b) Subsidiaries of Holding Company

| Name of the Entity | Place of business/ Country of incorporation |
|---|---|
| POWERGRID NM transmission Ltd | India |
| POWERGRID Unchahar Transmission Ltd | India |
| POWERGRID Southern Interconnector Transmission System Limited | India |
| POWERGRID Vemagiri transmission Ltd | India |
| POWERGRID Medinipur Jeerat Transmission Limited | India |
| POWERGRID Mithilanchal Transmission Limited | India |
| POWERGRID Varanasi Transmission System Limited | India |



| | |
|--|-------|
| POWERGRID Jawaharpur Firozabad Transmission Limited | India |
| POWERGRID Khetri Transmission System Limited | India |
| POWERGRID Bhuj Transmission Limited | India |
| POWERGRID Bhind Guna Transmission Limited | India |
| POWERGRID Ajmer Phagi Transmission Limited | India |
| POWERGRID Fatehgarh Transmission Limited | India |
| POWERGRID Rampur Sambhal Transmission Limited | India |
| POWERGRID Meerut Simbhavali Transmission Limited | India |
| Central Transmission Utility of India Limited | India |
| POWERGRID Ramgarh Transmission Limited (Erstwhile Ramgarh New Transmission Limited) | India |
| POWERGRID Himachal Transmission Limited (Erstwhile Jaypee POWERGRID Limited) | India |
| POWERGRID Bikaner Transmission System Limited (Erstwhile Bikaner-II Bhiwadi Transco Limited) | India |
| POWERGRID Sikar Transmission Limited (Erstwhile Sikar New Transmission Limited) | India |
| POWERGRID Bhadla Transmission Limited (Erstwhile Fatehgarh Bhadla Transco Limited) | India |
| POWERGRID Aligarh Sikar Transmission Limited (Erstwhile Sikar-II Aligarh Transmission Limited) | India |
| POWERGRID Teleservices Limited | India |
| POWERGRID Narela Transmission Limited (Erstwhile Khetri-Narela Transmission Limited) ¹ | India |
| POWERGRID Gomti Yamuna Transmission Limited (Erstwhile Mohanlalganj Transmission Limited) ² | India |
| POWERGRID Neemuch Transmission Limited (Erstwhile Neemuch Transmission Limited) ³ | India |
| POWERGRID ER NER Transmission Limited (Erstwhile ER NER Transmission Limited) ⁴ | India |
| Khavda RE Transmission Limited ⁵ | India |
| Khavda II-B Transmission Limited ⁵ | India |
| Khavda II-C Transmission Limited ⁵ | India |
| KPS 2 Transmission Limited ⁵ | India |

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| | |
|--|-------|
| KPS 3 Transmission Limited ⁵ | India |
| ER WR Power Transmission Limited ⁵ | India |
| Raipur Pool Dhamtari Transmission Limited ⁶ | India |
| Dharamjaigarh Transmission Limited ⁶ | India |
| Bhadla Sikar Transmission Limited ⁶ | India |

¹100% equity acquired from PFC Consulting Limited on 11.05.2022

²100% equity acquired from PFC Consulting Limited on 30.05.2022

³100% equity acquired from REC Power Development and Consultancy Limited on 24.08.2022

⁴100% equity acquired from REC Power Development and Consultancy Limited on 10.10.2022

⁵100% equity acquired from REC Power Development and Consultancy Limited on 21.03.2023

⁶100% equity acquired from PFC Consulting Limited on 28.03.2023

(C) Joint Ventures of Holding company :-

| Name of entity | Place of business/ Country of incorporation |
|---|---|
| Powerlinks Transmission Limited | India |
| Torrent Power Grid Limited | India |
| Parbati Koldam Transmission Company Limited | India |
| Teestavalley Power Transmission Limited | India |
| North East Transmission Company Limited | India |
| National High Power Test Laboratory Private Limited | India |
| Bihar Grid Company Limited | India |
| Energy Efficiency Services Limited | India |
| Cross Border Power Transmission Company Limited | India |
| RINL POWERGRID TLT Private Limited ¹ | India |
| Butwal-Gorakhpur Cross Border Power Transmission Limited ² | India |
| Power Transmission Company Nepal Limited ³ | India |

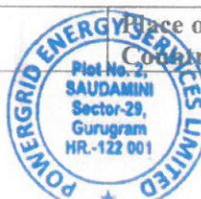
¹ POWERGRID's Board of Directors in its meeting held on 01.05.2018 accorded in principle approval to close RINL POWERGRID TLT Private Limited (RPTPL) and seek consent of other JV Partner Rashtriya Ispat Nigam Limited (RINL). RINL's Board of Directors in its meeting held on 08.03.2019 has agreed in principle for winding up proceedings of RPTPL & to seek the approval from Ministry of Steel, Government of India, for closure of RPTPL. The approval for closure of RPTPL is received on 11.07.2022 from MoS.

²Incorporated on 31.08.2022 as a Joint Venture between POWERGRID and Nepal Electricity Authority (NEA) with equity participation of 50:50 for implementation of Indian portion of New Butwal – Gorakhpur 400 KV Double Circuit (Quad Moose) cross border transmission line.

³Located outside India

(d) Associates of Holding Company

| Name of entity | Place of business/ Country of incorporation |
|----------------|--|
|----------------|--|



| | |
|---|-------|
| POWERGRID Kala Amb Transmission Limited | India |
| POWERGRID Jabalpur Transmission Limited | India |
| POWERGRID Warora Transmission Limited | India |
| POWERGRID Parli Transmission Limited | India |

(e) Key Managerial Personnel

| Sl. No. | Name | Designation | Date of Appointment | Date of Cessation |
|---------|----------------------|---------------------|---------------------|-------------------|
| 1 | SREEKANT KANDIKUPPA | Chairman | 14/03/2022 | - |
| 2 | VINOD KUMAR SINGH | Director | 14/03/2022 | - |
| 3 | SEEMA GUPTA | Director | 14/03/2022 | 31/05/2022 |
| 4 | Y K DIXIT | Director | 14/03/2022 | 05/12/2022 |
| 5 | RAVINDRA KUMAR TYAGI | Additional Director | 23/06/2022 | - |
| 6 | DILIP NAGESH ROZEKAR | Additional Director | 08/12/2022 | - |
| 7 | RAM NIWAS MEENA | CFO | 23/03/2023 | - |

(f) Government Related Entities

The Company is a wholly owned subsidiary of Central Public Sector Undertaking (CPSU) controlled by Central Government by holding majority of shares.

The Company has business transactions with other entities controlled by the GOI for procurement of capital equipment, spares and services. Transactions with these entities are carried out at market terms on arms-length basis through a transparent price discovery process against open tenders, except in a few cases of procurement of spares/services from Original Equipment Manufacturer (OEM) for proprietary items/or on single tender basis due to urgency, compatibility or other reasons. Such single tender procurements are also done through a process of negotiation with prices benchmarked against available price data of same/similar items.

The above transactions are in the course of normal day-to-day business operations and are not considered to be significant keeping in view the size, either individually or collectively.

(g) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

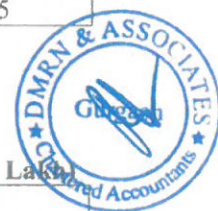
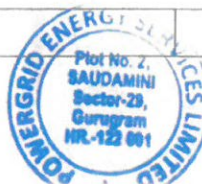
| Particulars | (₹ in Lakh) As at 31.03.2023 |
|--|---------------------------------|
| Amounts Payable | |
| Power Grid Corporation of India Limited (Holding Company) | |
| Purchase of goods and services – Manpower etc. | 1,452.59 |
| Reimbursement of expenses | 389.85 |

(h) Transactions with related parties

The following transactions occurred with related parties (excluding taxes):

| Particulars | (₹ in Lakh) 31.03.2023 |
|-------------|---------------------------|
|-------------|---------------------------|

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| | |
|---|----------|
| Power Grid Corporation of India Ltd. (Holding Company) | |
| Reimbursement of expenses | 389.85 |
| Investments Received during the year (Equity/Share application Money) | 1,000.00 |
| Purchase of Goods or Services – Manpower etc. (Excluding taxes) | 1,239.70 |

26. Segment Information

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segments have been identified on the basis of product/services. The company has a single reportable segment i.e., Energy Services.

The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.

27. Contingent Liabilities and Contingent Assets

There is no contingent liabilities/Assets as on 31st March, 2023.

28. Capital and other commitments

There is NIL capital and other commitments as on 31st March, 2023.

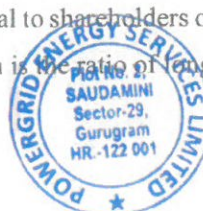
29. Capital Management

A) Risk Management

The company's objectives when managing capital are to

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in its projects, return capital to shareholders or issue new shares. The company monitors capital using debt-equity ratio, which is the ratio of long-term debt to total



net worth. The company includes within long term debt, interest bearing loans and borrowings and current maturities of long-term debt.

Since, the company does not have any Debt liability as on 31.03.2023, the debt-equity ratio cannot be calculated.

B) Dividends

The company did not pay any dividend during the period 14th March, 2022 to 31st March, 2023.

30. Earnings per share

| (Amount in ₹) | |
|--|-------------------------------|
| Particulars | For the year ended 31.03.2023 |
| (a) Basic and diluted earnings per share attributable to the equity holders of the company | (42.07) |
| (b) Total Earnings attributable to the equity holders of the company | (9,33,33,150.82) |
| (c) Weighted average number of shares used as the denominator | 22,18,493 |

31. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- A) Credit risk,
- B) Liquidity risk,
- C) Market Risk.

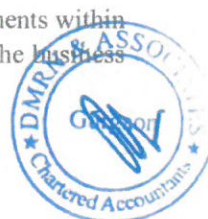
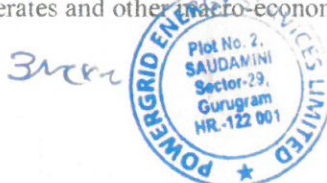
This note presents information regarding the company's exposure, objectives, policies and processes for measuring and managing these risks.

The management of financial risks by the Company is summarized below:-

A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities on account of trade receivables.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.



Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables and Contract Assets

Contract Assets primarily relates to companies right to consideration for work completed but not billed at the reporting date and have substantially same risk characteristics as the trade receivables for the same type of contract.

(ii) Other Financial Assets (excluding trade receivables and Contract assets)

• **Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ 5.02 lakhs as at 31st March, 2023. The cash and cash equivalents are held with Scheduled Commercial Bank and do not have any significant credit risk.

(iii) Exposure to credit risk :-

(₹ in Lakh)

| Particulars | As at 31 st March, 2023 |
|---|------------------------------------|
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | |
| Cash and Cash equivalents | 5.02 |
| Bank Balance other than Cash & Cash equivalent | 4,345.82 |
| Total | 4,350.84 |
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | |
| Trade Receivables | Nil |
| Other Current Financial Assets | 0.04 |

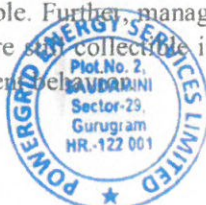
(iv) Provision for expected credit losses

(a) Financial assets for which loss allowance is measured using 12 month expected credit losses

The Company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. At initial recognition, financial assets (excluding trade receivables and contract assets) are considered as having negligible credit risk and the risk has not increased from initial recognition. Therefore, no loss allowance for impairment has been recognised.

(b) Financial assets for which loss allowance is measured using life time expected credit losses

The Company has customers most of whom are state government utilities with capacity to meet the obligations and therefore the risk of default is negligible. Further, management believes that the unimpaired amounts that are 30 days past due date are still collectible in full, based on the payment security mechanism in place and historical payment behaviour.



3/2/23

Considering the above factors and the prevalent regulations, the trade receivables and contract assets continue to have a negligible credit risk on initial recognition and thereafter on each reporting date.

B) Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company has entered into Inter-Corporate Loan Agreement for Funding of its obligations. For this, Company provided quarterly cashflows in advance to Holding Company with Monthly requirement.

(i) Financing Arrangements

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

(ii) Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

(₹ in Lakh)

| Contractual maturities of financial liabilities | Within a year | Between 1-5 years | Beyond 5 years | Total |
|---|-----------------|-------------------|----------------|-----------------|
| As at 31.03.2023 | | | | |
| Borrowings (including interest outflows) | - | - | - | - |
| Trade payables | 0.44 | - | - | 0.44 |
| Other current financial liabilities | 1,842.74 | - | - | 1,842.74 |
| Others | 3,680.22 | - | - | 3,680.22 |
| Total | 5,523.40 | - | - | 5,523.40 |

C) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk:

- Currency risk
- Interest rate risk

i) Currency risk

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency-denominated loans and borrowings and procurement of goods and services whose purchase consideration is foreign currency.

ii) Interest rate risk

As on Reporting date the Company does not have any borrowings

32. Income Tax expense

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This note provides an analysis of the company's income tax expense, and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to The Company's tax positions.

(a) Income tax expense -

| Particulars | (₹ in Lakh) |
|---|---|
| | For the period 14 th March, 2022 to 31 st March, 2023 |
| Current Tax | |
| Current tax on profits for the year | 0.00 |
| Adjustments for current tax of prior periods | |
| Total current tax expense (A) | 0.00 |
| Deferred Tax expense | |
| Origination and reversal of temporary differences | (313.90) |
| Previously unrecognized tax credit recognized as Deferred tax Asset this year | 0.00 |
| Total deferred tax expense /(benefit) (B) | (313.90) |

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

| Particulars | (₹ in Lakh) |
|---|---|
| | For the period 14 th March, 2022 to 31 st March, 2023 |
| Profit/(loss) before income tax expense | (1,247.23) |
| Tax using Company's Domestic Tax rate @ 25.168% (Previous Year @ 25.168%) | (313.90) |
| Tax effect of: | |
| Non-Deductible tax items | - |
| Tax exempt income | - |
| Deferred Tax expense/(income) | - |
| Income tax expense | (313.90) |

33. Disclosure on Ind AS 115 "Revenue from Contracts with Customers"

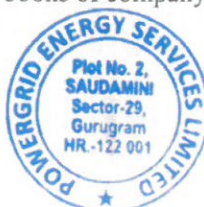
The company does not have any contract assets or contract liability as at 31st March, 2023.

34. Additional Regulatory Information as per Schedule III to the Companies Act, 2013

a) There are no cases of immovable property where title deeds are not in the name of the company as balance of immovable property as at 31.03.2023 in the books of company is Nil.

b) i. Aging of Capital Work in Progress is as follows:

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(₹ in Lakh)



| Particulars | <1 Year | 1-2 Years | 2-3 Years | >3 Years | Total |
|--|---------|-----------|-----------|----------|--------|
| As at 31.03.2023 | | | | - | - |
| Construction of Solar PV Plant at MP Nagda | 342.92 | - | - | - | 342.92 |
| Total | 342.92 | - | - | - | 342.92 |

ii. The company does not have any CWIP as at 31.03.2023, whose completion is overdue or has exceeded its cost compared to its original plan.

- c) The company has no intangible assets under development as at 31.03.2023. Additionally, the company does not have any Intangible asset under development as at 31.03.2023, whose completion is overdue or has exceeded its cost compared to its original plan.
- d) No proceeding has been initiated or pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder as at the end of the financial year.
- e) The Company is not sanctioned any working capital limit secured against current assets by any Finance Institutions.
- f) The company was not declared as a willful defaulter by any bank or financial Institution or other lender during the financial year.
- g) The company does not have any transactions or Outstanding balance with struck off companies.
- h) The Company does not have any Charges on the Assets of the Company.
- i) The company does not have any Subsidiary Company as such provisions with respect to compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 are not applicable during the financial year.
- j) Ratios

| Ratio | Numerator | Denominator | Current Year | Previous Year | Variance (%age) | Reason for variance >25% |
|---------------------------------|--------------------------------------|-----------------------------|--------------|---------------|-----------------|--|
| (a) Current Ratio | Current Assets | Current Liabilities | 0.83 | N/A | N/A | During the current year; company has started its operations. |
| (b) Debt-Equity Ratio | Total Debt | Shareholder's Equity | N/A | N/A | N/A | During the current year; company has started its operations |
| (c) Debt Service Coverage Ratio | Profit for the period + Depreciation | Interest & Lease Payments + | N/A | N/A | N/A | During the current year; company has started its operations |



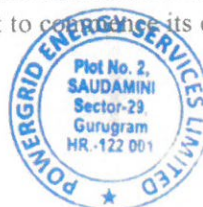
| | | | | | | |
|--------------------------------------|---|--|---------|-----|-----|---|
| (d) Return on Equity Ratio | Profit for the period | Average Shareholder's Equity | -28.00 | N/A | N/A | During the current year; company has started its operations |
| (e) Inventory turnover ratio | Revenue from Operations | Average Inventory | N/A | N/A | N/A | During the current year; company has started its operations |
| (f) Trade Receivables turnover ratio | Revenue from Operations | Average Trade Receivables (before deducting provision) | N/A | N/A | N/A | During the current year; company has started its operations |
| (g) Trade payables turnover ratio | Gross Other Expense (-) FERV, Provisions, Loss on disposal of PPE | Average Trade payables | 5674.38 | N/A | N/A | During the current year; company has started its operations |
| (h) Net capital turnover ratio | Revenue from Operations | Current Assets - Current Liabilities | N/A | N/A | N/A | During the current year; company has started its operations |
| (i) Net profit ratio | Profit for the period | Revenue from Operations | N/A | N/A | N/A | During the current year; company has started its operations |
| (j) Return on Capital employed | Earnings before interest and taxes | Tangible Net Worth + Total Debt + Deferred Tax Liability | 5.04 | N/A | N/A | During the current year; company has started its operations |
| (k) Return on investment | Income from Investment + Capital Appreciation | Average Investments | N/A | N/A | N/A | During the current year; company has started its operations |

k) The company has not received/advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) through Intermediaries during the financial year.

l) The Company does not have any transaction that was not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

m) The Company has not traded or invested in Cryptocurrency or Virtual Currency during the financial year.

The Company's Accounting Policies for its revenue streams are disclosed in Note 2.15. The Assets of the Company are under-construction and Company is yet to commence its operation, therefore Ind AS 115 is not applicable.



35. Reporting Period

The financial statements of the company has been prepared for the period from 14th March, 2022 to 31st March, 2023 i.e., the reporting period is more than 12 months as company has been incorporated on 14th March, 2022.

36. Recent Pronouncements

On 31.03.2023, Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standards) Rules, 2023, applicable from 01.04.2023. The Company will assess and implement the amendments to Division II in FY 2023- 24, as applicable.

37. Figures have been rounded off to nearest rupee in lakh up to two decimal.

As per our report of even date attached.

For DMRN & Associates

Chartered Accountants

Firm Reg.No.-008100N



CA Bhawna Bansal

Partner

M.No.-506759

Place: Gurgaon

Date : 18 MAY 2023

UDIN: 23506759BGRK54998



For and on behalf of The Board of Directors

K Sreekant

Chairman, PESL

DIN: 06615674

Place: Gurgaon

Date : 17/5/23

R N Meena

SR. G M Finance

(Chief Financial Officer)

PAN: CMPM6699P

Place: Gurgaon

Date :



R K Tyagi

Director, PESL

DIN: 09632316

Place: Gurgaon

Date : 17/5/23

