

POWERGRID ER NER TRANSMISSION LIMITED

(Formerly known as ER NER Transmission Limited)

**Wholly Owned Subsidiary of Power Grid Corporation of India Limited
(CIN: U40108DL2021GOI387793)**

ANNUAL REPORT (2021-22)

POWERGRID ER NER TRANSMISSION LIMITED
(Formerly known as ER NER Transmission Limited)
(Wholly Owned Subsidiary of Power Grid Corporation of India Limited)
CIN: U40108DL2021GOI387793
Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016
Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors, I am delighted to present First Annual Report of POWERGRID ER NER Transmission Limited (Formerly known as ER NER Transmission Limited) on the working of the Company together with Audited Financial Statement and Auditor's Report for the financial year ended 31st March, 2022.

1. State of the Company's Affairs & Project implementation

POWERGRID ER NER Transmission Limited (PENTL) was acquired by POWERGRID on 10th October 2022 under Tariff based competitive bidding from REC Power Development and Consultancy Limited (the Bid Process Coordinator) for "System Strengthening Scheme for Eastern and North Eastern Regions".

The elements to be implemented under the project includes: -

A. Eastern Region Strengthening Scheme –XXV (ERSS-XXV)

1. Creation of 220kV GIS bus at Banka (POWERGRID) S/S
2. 400kV Bus works at Banka (PGCIL extension 400/132kV Substation)
3. 400/220kV, 2x500MVA ICTs along with associated bays (220kV bays in GIS and 400kV bays in AIS). 400/220kV, 500MVA ICT – 2 nos. 400kV ICT(AIS) bays – 2 nos. 220kV ICT (GIS) bays – 2 nos.
4. 220kV (GIS) line bays – 2 nos, Bus Coupler bay – 1 no, Future provision: Space for future 220kV GIS bays: 6 nos

B. North Eastern Region Strengthening Scheme-XV (NERSS-XV)

5. Upgradation of existing 132kV Namsai (POWERGRID) S/S to 220kV (with 220kV side as GIS) **220kV in GIS:**
 - ICTs:220/132kV,2x160MVA

- ICTbay: 2 nos
- BusReactor:220kV,1x50MVA
- BusReactorbay:1no.
- Line bays : 2 nos. [for termination of Kathalguri (NEEPCO) – Namsai (POWERGRID) 220kV D/C line]
- Buscouplerbay: 1no
- Space for future line bays: 4 nos

132kV:

- ICTbays:2nos
- Space for future line bays: 4 nos

6. Kathalguri (NEEPCO) – Namsai (POWERGRID) 220kV D/C line

7. Extension at Kathalguri (NEEPCO) switchyard: 2 nos. of GIS line bays for termination of Kathalguri (NEEPCO) – Namsai.

2. Financial Performance

(Rs. in Thousands)	
Particulars	For the period from 06 th October 2021 to 31 st March 2022
Revenue from Operations	-
Other Income	-
Total Income	-
Expenses	3081.13
Profit before Tax	(3081.13)
Profit after Tax	(3081.13)
Earnings Per Equity Share (Rs.)	(61.62)

3. Transfer to Reserves

Your Company do not propose to carry any amount to the reserves for the Financial Year ended 31st March, 2022.

4. Dividend

Your Directors have not recommended any dividend on the equity shares for the period under review.

5. Share Capital

The Authorized and Paid up Share Capital as on 31st March, 2022 of the Company were Rs. 5,00,000/- each

6. Deposits

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

7. 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 to any other entity.

8. Particulars of contracts or arrangements with related parties

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

9. Material Changes & Commitments

There has 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.

10. Subsidiaries, Joint Ventures and Associate Companies

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

11. Directors' Responsibility Statement

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

- a. in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit 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 this 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.

12. Board of Directors

As on 31st March, 2022, the Board comprised of three Directors viz. Shri Kuldeep Rai, Shri Rajendra Kumar Gupta and Shri Jatin Kumar Nayak.

During the period under review, there were no changes in the Board of Directors.

The following changes took place during the current FY 2022-23 till date:

- a) Shri Anantha Sarma Boppudi, Shri Kailash Kumar Gupta, Shri Ramesh Kumar and Shri Upananda Kataki have been appointed as Additional Directors of the Company w.e.f. 10th October, 2022.
- b) Shri Kuldeep Rai, Shri Rajendra Kumar Gupta and Shri Jatin Kumar Nayak have ceased to be Directors of the Company w.e.f. 10th October, 2022.

The Board places on record its appreciation for the valuable contribution, guidance and support given by Shri Kuldeep Rai, Shri Rajendra Kumar Gupta and Shri Jatin Kumar Nayak during their tenure as Director 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 Anantha Sarma Boppudi, Shri Kailash Kumar Gupta, Shri Ramesh Kumar and Shri Upananda Kataki 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.

13. Number of Board meetings during the year

During the financial year ended 31st March, 2022, three (3) meetings of Board of Directors were held on (i) 3rd November, 2021, (ii) 30th November, 2021 and (iii) 28th January, 2022. 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	No. of Board Meetings attended
Shri Kuldeep Rai	Chairman	3	3
Shri Rajendra Kumar Gupta	Director	3	3
Shri Jatin Kumar Nayak	Director	3	3

14. Committees of the Board

Audit Committee and Nomination & Remuneration Committee

The provisions of Section 177 and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company.

15. Board Evaluation

As per notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, the provision related to evaluation of performance of Board, its committees and individual directors under section 178(2) of the Companies Act, 2013 is exempt for Government Companies.

16. Declaration by Independent Directors

As per the provisions of Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, your Company, being a wholly owned subsidiary of POWERGRID, is exempted from appointment of Independent Directors.

17. Corporate Social Responsibility

The provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder were not applicable to the Company during financial year 2021-22.

18. Compliance with Secretarial Standards

Your Company has complied with the applicable Secretarial Standards during the financial year 2021-22.

19. Secretarial Audit

The requirement of obtaining a Secretarial Audit Report from the practicing company secretary is not applicable to the Company

20. 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 financial year 2021-22.

21. Internal Financial Control Systems 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 financial year 2021-22.

22. Statutory Audit

M/s Kailash Sushil & Associates, Chartered Accountants, was appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2021-22 from the date of Incorporation i.e. from 10.10.2021.

The Statutory Auditors have given an unqualified report on the Financial Statements for the financial year ended 31st March, 2022. The report is self-explanatory and does not require any further comments by the Board.

23. Comments of Comptroller and Auditor General of India

Comptroller and Auditor General of India (C&AG) has informed that they have decided not to conduct supplementary audit under Section 143(6) of the Companies Act, 2013 of Financial Statements for the financial year ended 31st March, 2022. Copy of letter dated 22nd July, 2022 received from C&AG is placed at **Annexure-II** to this report.

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

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.

25. Development & Implementation of Risk Management Policy.

Your Company, being a wholly owned subsidiary of POWERGRID, is covered under the Risk Management Framework of the holding company.

26. Annual Return of the Company

The Annual Return in Form MGT-7 as required under Section 92(3) of the Companies Act, 2013 can be accessed in the Subsidiaries section under the Investor Relations Tab on the POWERGRID's (Holding Company) website i.e. www.powergrid.in

27. 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 and corresponding rules are exempted for Government Companies.

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

No significant and material orders have been passed by any authority during the financial year 2021-22 impacting the going concern status and Company's operation in future.

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

There is no Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 for financial year 2021-22.

30. Prevention of Sexual Harassment at Workplace

The holding company (POWERGRID) has Internal Complaints Committee (ICC) in place to redress complaints regarding sexual harassment.

31. Acknowledgement

The Board of Directors extend its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India and the Auditors of the Company.

For and on behalf of
POWERGRID ENERGY TRANSMISSION LIMITED

Date: 16th December, 2022

Place: Gurgaon


(Anantha Sarma Boppudi)
Chairman
DIN: 08742208

POWERGRID ENERGY TRANSMISSION 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 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 ER NER TRANSMISSION LIMITED

Date: 16th December, 2022
Place: Gurgaon


(Anantha Sarma Boppudi)
Chairman
DIN: 08742208

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ER NER TRANSMISSION LIMITED FOR THE PERIOD ENDED 31 MARCH 2022

The preparation of financial statements of ER NER Transmission Limited for the period ended 31 March 2022 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 10 May 2022.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of ER NER Transmission Limited for the period ended 31 March 2022 under Section 143(6)(a) of the Act.

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



(Deepak Kapoor)

Director General of Audit (Energy)
New Delhi

Place: New Delhi

Dated: 22/07/22



INDEPENDENT AUDITOR'S REPORT

To the Members of ER NER Transmission Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying Standalone financial statements of **ER NER Transmission Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss, the Statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statement").
2. 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 prescribed under section 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2022, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the financial statements and Auditor's Report Thereon

4. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the in the Board report including Annexure



to Board's Report and shareholder's Information but does not include the financial statements and our auditor's report thereon.

5. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance/ conclusion thereon.
6. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
7. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those charged with governance for the Financial Statement

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the position, financial performance and cash flows of the company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. The Board of Directors are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material 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, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



13. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 financial statements.
14. 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.
15. 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.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our reports for the ER NER Transmission Limited.

Report on Other Legal and Regulatory Requirements

17. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraphs 3 and 4 of the Order.
18. 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 purposes of our audit
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity and dealt with by this Report are in agreement with the books of account;



- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
- e) Vide Notification No. G.S.R. 463(E) dated 5 June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**"; and
- g) 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations as on 31st March 2022.
 - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. The provision of transferring the amount to the Investor Education and Protection Fund is not applicable to the company.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.



- v. No dividend has been declared or paid by the company during the year, as such the compliance with section 123 of the Companies Act, 2013 is not applicable to the company.

19. As per the directions issued by C&AG of India under section 143(5) of the Companies Act, 2013, we report that:

- i. The company has system in place to process all the accounting transactions through IT system. In our opinion and to the best of our information and according to the explanations given to us, the company has not processed any accounting transaction outside its IT system.
- ii. There is no restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc., hence this clause is not applicable.
- iii. There are no funds (grants/ subsidy etc.) received/ receivable for specific schemes from Central/ State Government or agencies, hence this clause is not applicable.

For Kailash Sushil & Associates
Chartered Accountants
Firm Reg. No. 003952N



Place: New Delhi
Date: 10-05-2022
UDIN: 22519147AIXQCH8871

Annexure A to the Independent Auditor's Report

The annexure referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of **ER NER Transmission Limited** on the Ind AS financial statements for the financial year ended on 31st March 2022.

1. In respect of its fixed assets,
 - (a) The Company does not have any fixed asset. Therefore, clause 3(i) of the order is not applicable to the company.
 - (b) The company is not holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
2.
 - (a) The company does not have any inventory as on date of report. Therefore, the reporting under the clause is not applicable.
 - (b) No working capital limit has been sanctioned to the company during the year.
3. In our opinion and according to the information and explanations given to us, the company has not provided any guarantee or security or granted any loans or advances secured or unsecured to the companies/ firms, limited liability partnership or other parties.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, guarantees, security or made any investments which need to comply with the section 185 and 186 of Companies Act, 2013.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013.
6. The Company is not required to maintain cost records which have been specified by the Central Government under sub-section (1) of section 148 of Companies act, 2013.
7.
 - (a) According to the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including Goods and service tax, Excise Duty, Provident Fund, ESI and other statutory dues applicable over the company.
 - (b) According to the information given to us and as per the books of accounts produced before us, the company has no dues relating to Goods and service tax, sales tax, income tax, custom tax, excise duty, cess as at 31st March, 2022.
8. According to the information given to us and as per the books of accounts produced before us, no transactions have been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.
9.
 - (a) Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders or in the payment of interest thereon to any lender during the year.



- (b) The company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- (c) The company during the year has not taken any term loan other than loan from its holding company which has been applied for the purpose for which the loans were obtained.
- (d) The company during the year has not raised funds on short term basis other than loan from its holding company.
- (e) The company has no subsidiaries, associates or joint ventures, as such the reporting requirements for taking any funds from any entity or person on account of or to meet the obligations of subsidiaries, associates or joint ventures is not applicable to the company.
- (f) As the company has no subsidiaries, associates or joint ventures, the reporting requirements whether the company has raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies is not applicable to the company.
10. (a) The company has not raised any money by way of initial public deposit offer, further public offer (including debt instruments) during the year.
- (b) The company has not made any preferential allotment or private placement of shares or convertible debenture during the year.
11. (a) According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Company has been noticed or reported during course of our audit.
- (b) There is no fraud reported during the year accordingly filling of report under sub-section (12) of section 143 of the Act is not required.
- (c) According to the information and explanations given to us, no whistle-blower complains received during the year by the company.
12. The company is not a Nidhi company and hence this clause is not applicable.
13. In our opinion and according to information and explanation given to us, all transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and are disclosed in the financial statements as required by the applicable accounting standards.
14. The company has not appointed an internal auditor for the year.
15. Based on the representation given by the management, the company has not entered into any non-cash transactions with the directors or other persons connected to directors and hence the provision of section 192 of the company's act is not applicable.
16. The company is not required to be registered under section 45-IA of Reserve Bank of India, 1934.
17. Based on the representation given by the management, the company has incurred cash losses of Rs.30,81,127.50 during the financial year. The Company was not in existence in the immediately preceding financial year.
18. No statutory auditors has resigned during the year.



19. We are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
20. In our opinion and according to the information and explanations given to us, the provisions of corporate social responsibility as per section 135 of the Companies Act 2013 are not applicable on the company, hence reporting under clause (xx) of the Order is not applicable to the company.
21. In our opinion and according to the information and explanations given to us, the company is not required to prepare consolidated financial statements, hence reporting under clause (xxi) of the Order regarding qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements is not applicable to the company.

For Kailash Sushil & Associates
Chartered Accountants
Firm Reg. No. 003952N



Place: New Delhi
Date: 10-05-2022
UDIN: 22519147AIXQCH8871

Annexure B to the Independent Auditor's Report

Annexure referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of ER NER Transmission Limited on the financial statements for the financial year ended on 31st March 2022.

Report on the Internal Financial Control 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 **ER NER Transmission Limited** ("the Company") as on 31st March 2022 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, 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 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Kailash Sushil & Associates
Chartered Accountants
Firm Reg. No. 003952M



Place: New Delhi
Date: 10-05-2022
UDIN: 22519147AIXQCH8871

ER NER TRANSMISSION LIMITED

CIN U40108DL2021GOI387793

Balance Sheet as at 31 March, 2022

(All amounts in ₹ thousands, unless stated otherwise)

Particulars	Notes	As at 31 March, 2022
ASSETS		
Non-current assets		0.00
Total non current assets		0.00
Current assets		
Financial assets		
Cash and cash equivalents	4	29.62
Other current assets	5	527.22
Total current assets		556.84
TOTAL ASSETS		556.84
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6	500.00
Other equity	7	(3,081.13)
Total equity		(2,581.13)
Non-current liabilities		
Total non-current liabilities		0.00
Current liabilities		
Financial liabilities		
Other financial liabilities	8	2,869.72
Other current liabilities	9	268.24
Total current liabilities		3,137.96
Total liabilities		3,137.96
TOTAL EQUITY & LIABILITIES		556.84

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 19 are integral part of the financial statements.

These are the financial statements referred to in our report of even date.

For Kailash Sushil & Associates

Chartered Accountants

ICAI Firm Registration No 003952N

Apoorva Bhardwaj
CA Apoorva Bhardwaj
 Partner
 Membership No. 519147
 Place: New Delhi
 Date: 10/05/2022



For and on behalf of Board of Directors of ER NER TRANSMISSION LIMITED

Kuldeep Rai
Kuldeep Rai
 Director
 DIN No.: 08203134
 Place: New Delhi
 Date: 10/05/2022

Jatin Kumar Nayak
Jatin Kumar Nayak
 Director
 DIN No.: 06940432
 Place: New Delhi
 Date: 10/05/2022

ER NER TRANSMISSION LIMITED

CIN U40108DL2021GOI387793

Statement of Profit and Loss for the period ended 31 March, 2022

(All amounts in ₹ thousands, unless stated otherwise)

Particulars	Notes	For the period from 6 October, 2021 to 31 March, 2022
Revenue		
Other income		-
Total Income		-
Expenses		
Finance costs	10	116.74
Other expenses	11	2,964.39
Total expenses		3,081.13
Profit/(Loss) before tax		(3,081.13)
Tax expense	12	
Current tax		-
Deferred tax expense/(credit)		-
Earlier year taxes/(refunds)		-
Total tax expenses		-
Net profit/(loss) for the period		(3,081.13)
Other comprehensive loss		
Items that will not be reclassified to profit or loss		
Re-measurement gains/(losses) on defined benefit plans		-
Income tax relating to these items		-
Other comprehensive income/(loss) for the period		-
Total comprehensive income/(loss) for the period		(3,081.13)
Earnings/(Loss) per equity share		
Basic/diluted earnings/ (loss) per share (In ₹)	13	(61.62)

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 19 are integral part of the financial statements.

These are the financial statements referred to in our report of even date.

For Kailash Sushil & Associates

Chartered Accountants

ICAI Firm Registration No 003952N

For and on behalf of Board of Directors of

ER NER TRANSMISSION LIMITED

Apoorva Bhardwaj
CA Apoorva Bhardwaj

Partner

Membership no. 519247

Place: New Delhi

Date: 10/05/2022



Kuldeep Rai

Kuldeep Rai

Director

DIN No.: 08203134

Place: New Delhi

Date: 10/05/2022

Jatin Kumar Nayak

Jatin Kumar Nayak

Director

DIN No.: 06940432

Place: New Delhi

Date: 10/05/2022

ER NER TRANSMISSION LIMITED

CIN U40108DL2021GOI387793

Statement of changes in equity for the period ended 31 March, 2022

(All amounts in ₹ thousands, unless stated otherwise)

A Equity share capital

Particular	Amount
Balance as at 06.10.2021	-
Equity raised during the period	500.00
Balance as at 31 March, 2022	500.00

B Other equity

Particulars	March 2022	
	Retained earnings	Total
Balance as at 06.10.2021	-	-
Profit/(Loss) for the period	(3,081.13)	(3,081.13)
Balance as at 31 March, 2022	(3,081.13)	(3,081.13)

Summary of significant accounting policies 1 to 3**The accompanying notes from 4 to 19 are integral part of the financial statements.**

These are the financial statements referred to in our report of even date.

For Kailash Sushil & Associates

Chartered Accountants

ICAI Firm Registration No 003952N

For and on behalf of Board of Directors of

ER NER TRANSMISSION LIMITED

Apoorva Bhardwaj
CA Apoorva Bhardwaj
Partner

Membership No. 519147

Place: New Delhi

Date: 10/05/2022



Kuldeep Rai
Kuldeep Rai
Director

DIN No.: 08203134

Place: New Delhi

Date: 10/05/2022

Jatin Kumar Nayak
Jatin Kumar Nayak
Director

DIN No.: 06940432

Place: New Delhi

Date: 10/05/2022

ER NER TRANSMISSION LIMITED

CIN U40108DL2021GOI387793

Statement of Cash Flows for the period ended 31 March, 2022

(All amounts in ₹ thousands, unless stated otherwise)

Particulars	For the period ended 31 March, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit / (Loss) before tax	(3,081.13)
Operating profit before working capital changes	(3,081.13)
Changes in working capital:	
Adjustments for (increase) / decrease in operating assets:	
Other current assets	(527.22)
Adjustments for increase/ (decrease) in operating liabilities:	
Other financial liabilities (current)	2,869.72
Other current liabilities	268.24
Movement in operating assets and liabilities	2,610.74
Cash generated from operations	(470.38)
Less: Tax paid	-
Net cash flow from operating activities (A)	(470.38)
B. CASH FLOWS FROM INVESTING ACTIVITIES	
Sale/(Purchase) of property, plant and equipment (including capital work-in-progress and intangibles)	-
Net cash used in investing activities (B)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES	
Issue of share capital	500.00
Net cash flows from financing activities (C)	500.00
Net increase/decrease in cash and cash equivalents (A+B+C)	29.62
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	29.62
Reconciliation of cash and cash equivalents as per the cash flow statement	29.62

Explanatory notes -

Cash and Cash equivalents consists of Bank Balance . The details of Cash and Cash equivalents is as under :

	As at 31st March 2022
Balance held with schedule bank	
-in current account	29.62

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 19 are integral part of the financial statements.

These are the financial statements referred to in our report of even date.

For Kailash Sushil & Associates

Chartered Accountants

ICAI Firm Registration No 003952N

For and on behalf of Board of Directors of

ER NER TRANSMISSION LIMITED

Apoorva Bhardwaj
CA Apoorva Bhardwaj
Partner
Membership no. 519147
Place: New Delhi
Date: 10/05/2022



Kuldeep Rai
Kuldeep Rai
Director
DIN No.: 08203134
Place: New Delhi
Date: 10/05/2022

Jatin Kumar Nayak
Jatin Kumar Nayak
Director
DIN No.: 06940432
Place: New Delhi
Date: 10/05/2022

1. COMPANY OVERVIEW

ER NER Transmission Limited ("the Company") was incorporated on 06.10.2021 at New Delhi. The Company is a wholly owned subsidiary of REC Power Development & Consultancy Limited (formerly REC Power Distribution Company Limited (REC PDCL). The Company is a special purpose vehicle incorporated for "System Strengthening Scheme for Eastern and North Eastern Regions ". The Government of India has appointed RECPDCL as Bid Process Co-coordinator for selection of the developer for the project. On completion of the bid process, the successful bidder is to acquire one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities. As this is the first year of operation, the accounts have been prepared for the period from 06.10.2021 to 31.03.2022. Hence, previous year figures are not available.

2. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and measurement

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These standalone financial statements ("the Financial Statements") have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

This is the first financial statements for the period ended 31st March 2022 were authorized and approved by the Board of Directors on 10th May 2022.

(ii) Functional and presentation currency:

These financials have been presented in Indian Rupees (INR), which is also the Company's functional currency, all amounts have been rounded off to the nearest thousands (upto two digits), unless otherwise indicated.

(iii) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis.

2.2 Significant accounting policies

(i) Revenue recognition

Revenue is recognised (as per the five step model laid down under Ind AS 115 to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.



(ii) Property, Plant and Equipment

Property Plant and Equipment are carried at cost less accumulated amortization and impairment losses, if any. The cost of Property Plant and Equipment comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

(iii) Financial instruments

De-recognition

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

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 realise the assets and settle the liabilities simultaneously.

(iv) Fair value measurement

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers



ERNER TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2022
(All amounts in Rupees Thousands, unless stated otherwise)

have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(v) Taxation

Current tax is the amount of tax payable in respect of taxable income for the period and is computed in accordance with the provisions of Income Tax Act, 1961. Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). The current tax is calculated using the tax rate that have been enacted or subsequently enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets on unrealised tax loss are recognised to the extent that it is probable that the underlying tax loss will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(vi) Earnings per share

The Basic Earnings per equity share ('EPS') is computed by dividing the net profit or loss after tax before other comprehensive income for the period attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the period.

(vii) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term balances, as defined above, net of outstanding cash credits as they are considered an integral part of the Company's cash management.

(viii) Borrowing costs

Borrowing costs that are directly attributable to the acquisition and/ or construction of a qualifying asset, till the time such a qualifying asset becomes ready for its intended use sale, are capitalized. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use. All other borrowing costs are



ER NER TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2022
(All amounts in Rupees Thousands, unless stated otherwise)

charged to the Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

(ix) Expenditure incurred by Holding Company

All the direct expenses incurred by holding company for SPV has been directly booked to the SPV. All Indirect / Common Expenses are allocated to SPV on the proportionate basis from the month of issue of RFQ / RFP (If RFQ stage is not adopted in the Bidding Process) or incorporation of SPV, whichever is earlier, till the month in which tenth day from the date of issue of Letter of Intent (LOI) for the transfer of the SPV falls. Part of the month, if any, is considered as full month for cost allocation. The holding company charges interest on the funds deployed by it based on the REC interest rate circular for T & D loans for ungraded organisations, as on the beginning of the period. If bid process activity relating to any SPV is kept in abeyance, due to any reason, no cost allocation for such period of abeyance is made to such SPV and no interest is charged. For direct expenses, interest is charged from the month in which the expenditure is incurred whereas for indirect expenses interest is charged for the average period of deployment of funds. Such interest is calculated on monthly basis but recognised at the end of the period.

Expenditure incurred for the SPV by Holding Company on behalf of the Company is considered as "other financial liabilities" (Current). Also, interest is charged on such expenditure financed by Holding Company and such interest is also included in other financial liabilities.

The major stages of TBCB (Tariff Based Competitive Bidding) process done by holding co. RECPDCL includes issue of RFP (Request for proposal) documents , Pre Bid Meeting, Opening of technical bid, shortlisting of qualified bidders , opening of financial bid and e – Reverse auction for qualified bidders , and finally selection of successful bidder and issue of LOI to successful bidder. The company transfer certainty arises when the LOI is issued to selected bidder. Hence the company recognizes the expenditure as an expense.

Further, wherever, payments relating to the Company are made by the Holding Company and the ultimate Holding Company, procedural and statutory requirements with regard to deduction of Tax at Source and deposit thereof as applicable are also complied with by the Holding Company and the ultimate Holding Company against payments released on their account.

2.3 Significant management judgment in applying accounting policies and estimation of uncertainty

The preparation of the Company's financial statements requires management to make judgment's, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Such estimates & assumptions are based on management evaluation of relevant facts & circumstances as on date of financial statements. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.



3. Significant estimates and judgment's

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgments

Evaluation of indicators for impairment of assets – The evaluation of the applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Significant estimates

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income Taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.



ER NER TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31 March 2022

(All amounts in ₹ thousands, unless stated otherwise)

4 Cash and cash equivalents

Particulars	As at 31 March, 2022
Balances with banks:	
- with bank in current accounts	29.62
	29.62

5 Other current assets

Particulars	As at 31 March, 2022
Balances with statutory and government authorities*	527.22
	527.22

* Balances with statutory and government authorities includes input tax credit under GST tax credit, which is reversed in the GST Return due to non payment of liability as per the provisions of GST Act 2017. The same shall be re-claimed upon payment of the liability as per the provisions of the GST Act, 2017.



ER NER TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31 March 2022

(All amounts in ₹ thousands, unless stated otherwise)

6 Equity share capital

Particulars	As at 31 March, 2022
Authorized equity share capital	
50,000 Equity shares of Rs 10 each	500.00
	500.00
Issued, subscribed and paid up equity share capital	
50,000 Equity shares of Rs 10 each	500.00
	500.00

i) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

As at 31 March, 2022

	No. of shares	(₹ thousands)
Equity share capital of ₹ 10 each fully paid up		
Balance at 06.10.2021		
Add: Issued during the period from 06.10.2021 to 31.03.2022	50,000	500.00
Balance at the end of the period	50,000	500.00

iii) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

As at 31 March, 2022

	No. of shares	% holding
49,994 Equity Shares held by REC Power Development & Consultancy Limited (formerly REC Power Distribution Company Limited) And Balance 6 Equity Shares through other nominee of REC-PDCL Ltd.	50,000	100.00%

iv) Shares held by promoter company:

As at 31 March, 2022

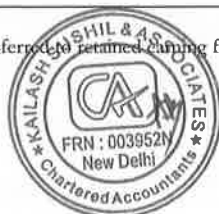
	No. of shares	% holding
49,994 Equity Shares held by REC Power Development & Consultancy Limited (formerly REC Power Distribution Company Limited) And Balance 6 Equity Shares through other nominee of REC-PDCL Ltd.	50,000	100.00%

v) The Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares in the current period of the balance sheet date.

7 Other equity

Particulars	As at 31 March, 2022
Retained earnings	
Opening Balance as at 06.10.2021	
Add : Transferred from statement of profit and loss	(3,081.13)
Closing Balance at the end of the period	(3,081.13)
Total other equity	(3,081.13)

Loss incurred by the company during the period is transferred to retained earnings from Statement of Profit and Loss.



ER NER TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31 March 2022

(All amounts in ₹ thousands, unless stated otherwise)

8 Other financial liabilities (Current)

Particulars	As at 31 March, 2022
Advance from holding company*	2,838.22
Audit fees payable @	31.50
	2,869.72

* Refer note 14 on related party transactions

@ Audit Fees (in Rs)	35,000.00
TDS deducted (in Rs)	(3,500.00)
Net Audit Fees payable (in Rs)	31,500.00

9 Other current liabilities

Particulars	As at 31 March, 2022
Statutory dues (TDS Payable)	268.24
	268.24



ER NER TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31 March 2022

(All amounts in ₹ thousands, unless stated otherwise)

10 Finance costs

Particulars	For the period from 6 October 2021 to 31 March, 2022
Interest expense on financial liabilities measured at amortised cost	116.74
Other interest expenses	-
	116.74

11 Other expenses

Particulars	For the period from 6 October 2021 to 31 March, 2022
Advertisement	1150.90
Survey	61.05
Legal & Professional Expenses/MCA & ROC Filings	12.79
Auditors' remuneration	35.00
Administration Expenses Allocated by Holding Company	441.35
Salary Expenses Allocated by Holding Company	1255.72
Bank charges	0.38
Miscellaneous Expenses	7.20
	2,964.39

*Comprises of following:

As auditors- statutory audit	35.00
	35.00

12 Tax expense

Particulars	For the period from 6 October 2021 to 31 March, 2022
Current tax	-
Tax pertaining to current period	-
Tax pertaining to earlier years	-
Deferred tax expense/(credit)	-

For the period ended
31 March, 2022

Tax expense	
(i) Current tax	
Tax pertaining to current year	0.00
Tax pertaining to earlier years	0.00
(ii) Deferred tax expense/(credit)	0.00
	0.00

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 26% .

Accounting Profit / (Loss) before income tax	(3,081.13)
At country's statutory income tax rate of 26%	0.00
Adjustments in respect of taxes earlier years	
(i) Non-deductible expenses for tax purposes	0.00
(ii) Non-taxable incomes	0.00
(iii) Earlier year taxes	0.00
(iv) Deferred tax on allowable provisional expenditure of earlier year	0.00
(v) Deferred tax change due to rate change	0.00
	0.00

In accordance with the notified Indian Accounting Standard 12, "Income Taxes", deferred tax assets on carried forward losses, unabsorbed depreciation and other timing differences have not been accounted in the books. However in the absence of virtual certainty as to its realisation of deferred tax assets (DTA), DTA has not been created.

13 Basic/diluted earnings/ loss per share

Net profit/(loss) for the period from 06.10.2021 to 31.03.2022	(3,081.13)
Weighted average number of equity shares for EPS (in numbers)	50,000
Par value per share (in ₹)	10
Earnings per share - Basic and diluted (in ₹)	(61.62)



ERNER TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31 March 2022

(All amounts in ₹ thousands, unless stated otherwise)

14 Related party transactions

Related Parties as per Indian Accounting Standard – 24 :

a. Details of related parties:

Description of relationship	Names of related parties
Holding company	REC Power Development & Consultancy Limited (formerly REC Power Distribution Company Limited (RECPDCL))
Parent's Holding company	REC Limited

Key management personnel (KMP)

The Company is a wholly owned subsidiary of REC Power Development & Consultancy Limited (formerly REC Power Distribution Company Limited RECPDCL), which is further wholly owned by REC Limited. The Key Managerial Personnel of the Company are employees of REC Limited, deployed on part time basis. No managerial remuneration is paid to them by the Company. The details of such Key Managerial Personnel are as below.

Name	Designation	Date of Appointment	
Kuldeep Rai	Chairman and Director	06.10.2021	
Jatin Kumar Nayak	Director	06.10.2021	
Rajendra Kumar Gupta	Director	06.10.2021	

KMPs / Directors Remuneration	For the period from 6 October, 2021 to 31 March, 2022
Remuneration to KMP's	0.00

b. Transactions with Holding Company (RECPDCL) are as under:

	Period ended	Holding Company
(i) Transactions during the period		
Interest	Period ended 31 March, 2022	116.74
Advance paid to Holding Co. (including GST)	Period ended 31 March, 2022	470.00
Reimbursement of expenses (including GST)	Period ended 31 March, 2022	2,986.23
(ii) Outstanding Balances at period ended		
Advance from Holding Company	Period ended 31 March, 2022	2,838.22



ERNER TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31 March 2022

(All amounts in ₹ thousands, unless stated otherwise)

15 Financial instruments**i) Financial instruments by category measured at amortized cost:**

Particulars	As at 31 March, 2022
Financial assets	
Cash and cash equivalents	29.62
Total	29.62
Financial liabilities	
Other financial liabilities	2,869.72
Total	2,869.72

The carrying amounts of financial assets and liabilities are considered a reasonable approximation of their fair values.

ii) Fair values hierarchy

The Company does not have any financial assets or financial liabilities carried at fair value.

The carrying amounts of other financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values.

16 Financial risk management**i) Risk management**

The main types of risks to which the Company is exposed in relation to financial instruments are as follows:

A) Credit risk

The Company only possess cash and cash equivalents as financial asset as on closing dates, hence and credit risk relating to cash and cash equivalents is considered to be negligible as counterparties are banks. The management considers the credit quality of deposits/balances with such banks to be good and reviews the banking relationships on an on-going basis.

B) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows, and by anticipating the maturity profiles of financial liabilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Further the Holding Company also incurs all the expenses on behalf of the Company and provides and unconditional liquidity support as an ongoing mechanism basis.

Maturities of financial liabilities

The Financial liabilities of the Company comprises of :

- Audit Fees payable - which is paid by Holding Co. on behalf of this Co. and
- Liabilities payable to Holding Co. - The same is discharged by the selected bidder(through TBCB conducted by Holding Co) which purchases the company by taking over all assets and liabilities of the company .However expected date of the same is not determinable

C) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises of currency risk, interest rate risk and price risk.

Currency risk

The company does not have any foreign currency transactions, hence, it is not exposed to currency risk.

Interest rate risk

As the Company does not have any third party borrowings outstanding, it is not exposed to interest rate risk.

Price risk

The company does not have any financial instrument which exposes it to price risk.

17 Capital management policies and procedures

The Company's capital includes issued share capital and all other distributable reserves (except for specific restricted reserves). The primary objective of the Company's capital management is to maximise shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The Company does not have any non-current borrowings and all its capital needs are met by capital or shareholders only.

18 First Year of Operation

As this is the first year of operation, the accounts have been prepared for the period from 06.10.2021 to 31.03.2022. Hence, previous year figures are not available.



ER NER TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31 March 2022

(All amounts in ₹ thousands, unless stated otherwise)

19 Other notes to accounts

- 19.1** As per the policy of Holding Company the invoice for the services provided is raised at the end of the financial year or on the date of the transfer of the SPV or on the receipt of advance/acquisition price, whichever is earlier.
- 19.2** There is no employee in the roll of the Company. Employees working for the Company are in the roll of the holding company i.e. RECPDCL and ultimate holding company i.e. REC Limited. The employee expenses including contributions in respect of liabilities for employee benefit expense towards leave, provident fund, superannuation and all other benefits as applicable are accounted for by the holding company and ultimate holding company. Hence, disclosure requirements under Ind AS 19 is not applicable.
- 19.3** The code on social security 2020 (Code) relating to employee benefit during employment and post employment benefit received presidential accent in September 2020. The code has been published in the Gazette of India. However, the date on which the code will come in to effect has not been notified. However, there are no employees on roll of company.
- 19.4** The Company is operating in a single segment and therefore disclosure requirements under Ind AS 108 is not applicable.
- 19.5** The capital commitments, contingent liabilities and claims against the company not acknowledged as debt is nil as on 31.03.2022
- 19.6** The company has no non material adjustment event after reporting period.
- 19.7** The Company has no outstanding liability towards Micro, Small and Medium Enterprises.
- 19.8** There are no foreign currency transactions during the year. Therefore no disclosures are required under Schedule III of the Companies Act, 2013.
- 19.9** Negative figures have been shown in bracket.

For Kailash Sushil & Associates

Chartered Accountants

ICAI Firm Registration No. 003952N

Apoorva Bhardwaj

CA Apoorva Bhardwaj

Partner

Membership no. 519147

Place: New Delhi

Date: 10/05/2022



For and on behalf of Board of Directors of
ER NER TRANSMISSION LIMITED

Kuldeep Rai

Kuldeep Rai

Director

DIN No.: 08203134

Place: New Delhi

Date: 10/05/2022

Jatin Kumar Nayak

Jatin Kumar Nayak

Director

DIN No.: 06940432

Place: New Delhi

Date: 10/05/2022