T. KOTESWARA RAO & CO.,
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. POWERGRID Vemagiri Transmission Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **POWERGRID Vemagiri Transmission Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2023**, and the Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and the accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2023,** Loss, Changes in Equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit 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 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Emphasis of Matter

We draw attention to the following matters in the notes to the financial statements

a. The Company has ceased to be a Going Concern, Refer Note 13 to the financial statements.

b. Holding Company has filed an Appeal in APTEL claiming an amount of ₹1827.94 lakhs towards the acquisition price as well as additional expenditure incurred from the date of acquisition and interest and carrying cost till the date of reimbursement, Refer Note 22 to the financial statements - **Contingent Assets**

Our opinion is not modified in respect of these matters.

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Ind AS and the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes 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 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.

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.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material 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 control 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 entity'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.

- 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 achieve fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that individually or in aggregate makes it probable that the economic decisions of a 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 an identified misstatements in the Financial Statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in **Annexure 1** a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

2. In terms of sub section (5) of section 143 of the companies Act, 2013, we give in **Annexure 2** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.

3. 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 Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid financial statements comply with the Ind AS Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    e. As per Notification No GSR 463(E) dated 05/06/2015, section 164(2) regarding directors disqualification is 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 3"

    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. There is a pending appeal filed before APTEL by the Holding Company claiming Rs 1827.94 Lakhs and the final order is awaited - Refer Note 22 to the financial statements

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Company

iv.

a. The management has represented that, to the best of it's 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 we have 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) contain any material mis-statement.

v. The Company has not declared any Dividend during the year.

4. As per the Comptroller and Auditors General directions U/s.143(5) of the Companies Act,2013, we further state that:

i. The Company has a system in place to process all the accounting transactions through IT System and the financial implication of processing of accounting transactions outside IT System on the integrity of the accounts is NIL.

ii. As the Company has no loans outstanding, the question of restructuring of an existing loan or cases of 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 does not arise.

iii. The company during the year has not received any funds by way of grants/subsidy etc., for specific schemes from Central/State Government or its agencies, as the case maybe.

For T.KOTESWARA RAO & CO.,
Chartered Accountants
Firm Regn. No.: 001438S

CHADA GOPALA KRISHNA MURTHY

Digitally signed by CHADA GOPALA KRISHNA MURTHY
DN: c=IN, o=PERSONAL, title=7943, pseudonym=e0546e1032c27ee5079736e850c1132e4d77d7e207935bad9d8c40a49650a2df, postalCode=500038, st=Andhra Pradesh, serialNumber=0912e801db7ad261f6df44d1326e1e6ce122428ce30dcac72ccd7f501202a61c, cn=CHADA GOPALA KRISHNA MURTHY
Date: 2023.05.08 16:18:21 +05'30'

(CA C.G.K.MURTHY)
Partner
M. No.: 021202
UDI No.: 23021202BGPOIA2479

Place: Hyderabad.
Date :08.05.2023

POWERGRID Vemagiri Transmission Limited
CIN : U40300DL2011GOI217975
Balance Sheet as at 31 March, 2023

(₹ In Lakh)

Particulars	Note No	As at 31 March, 2023 (Audited)	As at 31 March, 2022 (Audited)
ASSETS			
Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	4	0.13	0.14
		0.13	**0.14**
Total Assets		**0.13**	**0.14**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	5	5.00	5.00
(b) Other Equity	6	(1947.63)	(1946.83)
		(1942.63)	**(1941.83)**
Liabilities			
Current liabilities			
(a) Financial liabilities			
(i) Other current financial liabilities	7	1,942.76	1,941.93
(b) Other current liabilities	8	-	0.04
		1,942.76	**1,941.97**
Total Equity and Liabilities		**0.13**	**0.14**

The accompanying notes (1 to 27) form an integral part of financial statements

As per our report of even date
For T Koteswara Rao & Co
Chartered Accountants
Firm Regn. No. 001438S

For and on behalf of Board Of Directors

Mukesh Khanna
Chairman
DIN-09195110
Place : Gurugram
Date: 08 May, 2023

Sangeeta Saxena
Director
DIN-08739674
Place : Gurugram
Date: 08 May, 2023

CA C.G.K.Murthy
Partner
Mem. No. 021202
Place : Hyderabad
Date: 08 May, 2023
UDIN: 23021202BGPOIA2479

POWERGRID Vemagiri Transmission Limited
CIN : U40300DL2011GOI217975
Statement of Profit and Loss for the year ended 31 March, 2023

(₹ In Lakh)

Particulars	Note No.	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
		(Audited)	(Audited)
Revenue From Operations		-	-
EXPENSES			
Other expenses	9	0.80	0.60
Total expenses		**0.80**	**0.60**
Profit/(loss) before tax from discontinued operations		**(0.80)**	**(0.60)**
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Profit/(Loss) for the period from discontinued operations		**(0.80)**	**(0.60)**
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		**(0.80)**	**(0.60)**
Earnings per equity share (Par value ₹10/- each):			
Basic and Diluted		(1.60)	(1.20)

The accompanying notes (1 to 27) form an integral part of financial statements

As per our report of even date
For T Koteswara Rao & Co
Chartered Accountants
Firm Regn. No. 001438S

For and on behalf of Board Of Directors

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Mem. No. 021202
Place : Hyderabad
Date: 08 May, 2023
UDIN: 23021202BGPOIA2479

POWERGRID Vemagiri Transmission Limited
CIN : U40300DL2011GOI217975
Statement of Cash Flows for the year ended 31 March, 2023

(₹ In Lakh)

Sl. No.	Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
		(Audited)	(Audited)
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit Before Tax	**(0.80)**	**(0.60)**
	Operating profit before Changes in Assets and Liabilities	**(0.80)**	**(0.60)**
	Adjustment for Changes in Assets and Liabilities:		
	Increase/(Decrease) in Other current financial liabilities	0.83	0.56
	Increase/(Decrease) in Other current liabilities	(0.04)	0.04
		0.79	**0.60**
	Cash generated from operations	**(0.01)**	**-**
	Net Cash from Operating Activities	**(0.01)**	**-**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Net Cash used in Investing Activities	**-**	**-**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net Cash used in Financing Activities	**-**	**-**
D	Net change in Cash and Cash equivalents (A+B+C)	(0.01)	-
E	Cash and Cash equivalents (Opening balance)	0.14	0.14
F	Cash and Cash equivalents (Closing balance) (Refer Note 4)	**0.13**	**0.14**

Note 1 -Cash and cash equivalents consist of balances with banks.
Note 2 - Previous Year Figures have been re-grouped/re-arranged wherever necessary.

As per our report of even date
For T Koteswara Rao & Co
Chartered Accountants
Firm Regn. No. 001438S

For and on behalf of Board Of Directors

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DIN-09195110
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POWERGRID Vemagiri Transmission Limited
CIN : U40300DL2011GOI217975
Statement of Changes in Equity for the period ended 31 March 2023

A. Equity Share Capital **(₹ In Lakh)**

As at 01 April, 2022	5.00
Changes in equity share capital	-
As at 31 March, 2023	**5.00**
As at 01 April, 2021	5.00
Changes in equity share capital	-
As at 31 March, 2022	**5.00**

B. Other Equity *(₹ In Lakh)*

Particulars	Reserves and Surplus		Total
	Self Insurance Reserve	Retained Earnings	
As at 01 April, 2022	**-**	**(1,946.83)**	**(1,946.83)**
Total Comprehensive Income for the year	-	(0.80)	**(0.80)**
Transfer to Self Insurance Reserve	-	-	**-**
Final Dividend paid	-	-	**-**
Interim Dividend paid	-	-	**-**
As at 31 March, 2023	**-**	**(1,947.63)**	**(1,947.63)**

(₹ In Lakh)

Particulars	Reserves and Surplus		Total
	Self Insurance Reserve	Retained Earnings	
As at 01 April, 2021	**-**	**(1,946.23)**	**(1,946.23)**
Total Comprehensive Income for the year	-	(0.60)	**(0.60)**
Transfer to Self Insurance Reserve	-	-	**-**
Other Changes	-	-	**-**
As at 31 March, 2022	**-**	**(1,946.83)**	**(1,946.83)**

The accompanying notes (1 to 27) form an integral part of financial statements
Refer to Note No 6 for nature and movement of Reserve and Surplus.

As per our report of even date
For T Koteswara Rao & Co
Chartered Accountants
Firm Regn. No. 001438S

For and on behalf of Board Of Directors

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Chairman
DIN-09195110
Place : Gurugram
Date: 08 May, 2023

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Date: 08 May, 2023

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Partner
Mem. No. 021202
Place : Hyderabad
Date: 08 May, 2023
UDIN: 23021202BGPOIA2479

Notes to Financial Statements

1. Corporate and General Information

POWERGRID Vemagiri Transmission 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 B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016, India.

The company is engaged in business of Power Systems Network, construction, operation and maintenance of transmission lines and other related allied activities.

The Financial Statements of the Company for the Year ended 31st March, 2023 were approved for issue by the Board of Directors on 08 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 are not prepared on the assumption of going concern and the company will not be able to do further any activity in near future. The reasons are disclosed at note no.13

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 results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 / amortisation 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.

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.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

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.

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 recognised 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.

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.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.

Expenditure on development 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.

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.

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 related to transmission business is provided on straight line method based on the 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 and considering the terms of Transmission Service Agreement entered with Long Term Transmission Customers.

S. No.	Particulars	Useful life
1	Computers and Peripherals	3 Years
2	Servers and Network Components	5 years
3	Buildings (RCC frame structure)	35 years
4	Transmission line	35 years
5	Substation Equipment	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 of transmission business.

Mobile phones are charged off in the year of purchase.

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 thirty-five years from the date of capitalization of related transmission 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

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 or net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

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 and surplus stores and spares 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 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 includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the 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
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.

Financial Assets

Financial assets of the Company comprise cash and cash equivalents, bank balances, security deposit, claims recoverable etc.

Classification

The Company classifies its financial assets in the following categories:
- at amortised 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 price.

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.

De-recognition 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 recognised 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 the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 -month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation 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 recognised 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.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the 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 recognised in Statement of Profit and Loss when the liabilities are derecognized.

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

De-recognition of financial liability

A financial liability is derecognised 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 recognised in 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 realise 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 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 country 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

Transmission Income is accounted for based on orders issued by Electricity Regulatory Commission u/s 63 of Electricity Act 2003 for adoption of transmission charges. As at each reporting date, transmission income includes an accrual for services rendered to the customers but not yet billed.

Rebates allowed to beneficiaries as early payment incentives are deducted from the amount of revenue.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees (RPC) and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and long term Transmission Customers. Where certification by RPCs is not available, incentive/disincentive is accounted for on provisional basis as per estimate of availability by the company and differences, if any, is accounted upon certification by RPCs.

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).

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 other than steel scrap and conductor scrap are accounted for as and when sold.
Insurance claims are accounted for based on certainty of realization.
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 and corresponding tax on dividend distribution 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.

Self-insurance reserve is created @ 0.12% p.a. on Original Gross Block of Property, Plant and Equipment and value of inventory except ROU assets and assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

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 Earnings 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 <u>Critical Estimates and Judgments</u>

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 are 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 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.

Income Taxes:

Significant estimates are involved in determining the provision for current and deferred tax, including amount expected to be paid/recovered for uncertain tax positions.

Note 4 Cash and Cash equivalent (₹ In Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Balance with banks		
-In Current accounts	0.13	0.14
Total	0.13	0.14

Note 5 Equity Share capital

(₹ In Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Equity Share Capital		
Authorised		
50000 (Previous Year 50000) equity shares of Rs.10/- each at par	5.00	5.00
Issued, subscribed and paid up		
50000 (Previous Year 50000) equity shares of Rs.10/- each at par	5.00	5.00
Total	**5.00**	**5.00**

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 Year ended 31 March, 2023		For the Year ended 31 March, 2022	
	No. of Shares	₹ in Lakh Amount	No. of Shares	₹ in Lakh Amount
Shares outstanding at the beginning of the year	50,000	5.00	50,000	5.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**50,000**	**5.00**	**50,000**	**5.00**

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 meetings of the Shareholders.

4 Shareholding of Promters and Shareholders holding more than 5% equity shares of the Company :-

Particulars	As at 31 March, 2023		As at 31 March, 2022		% Change
	No.of Shares	% of holding	No.of Shares	% of holding	
Power Grid Corporation of India Limited (Promoter)#	50,000	100%	50,000	100%	-

#Out of 50000 Equity shares (Previous year 50000 Equity shares) 6 equity shares (Previous year 6 Equity Shares) are held by nominees of M/s Powergrid Corporation Of India Limited on its behalf .

Power Grid Corporation of India Limited is the promoter of the company and there is no change in their equity shareholding during the year and in previous year.

Note 6 **Other Equity** (₹ In Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(i) Retained Earnings		
Balance at the beginning of the year	(1,946.83)	(1,946.23)
Add: Additions		
Net Profit/(Loss) for the period	(0.80)	(0.60)
Balance at the end of the year	**(1,947.63)**	**(1,946.83)**

Note 7 **Other Current Financial Liabilities** (₹ In Lakh)

Particulars	**As at 31 March, 2023**	**As at 31 March, 2022**
Others		
Related parties (M/s Power Grid Corporation of India Ltd.,)	1,942.33	1,941.50
Others	0.43	0.43
Total	1,942.76	1,941.93

Further Notes -

1 Disclosure with regard to Micro and Small enterprises as required under "Division II of Schedule III of The Companies Act, 2013"and "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No 15.

2 Refer note no. 19. for amount payable to related parties.

3 Others represents audit fees payable

Note 8 **Other current liabilities** (₹ In Lakh)

Particulars	**As at 31 March, 2023**	**As at 31 March, 2022**
Statutory dues	-	0.04
Total	**-**	**0.04**

Note 9 **Other expenses** (₹ In Lakh)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Professional charges(Including TA/DA)	0.32	0.12
Payments to Statutory Auditors		
Audit Fees	0.47	0.47
	0.47	0.47
Miscellaneous expenses*	0.01	0.01
Total	**0.80**	**0.60**

*Miscellaneous expenses includes bank charges of Rs.0.01 lakhs (Previous year Rs.0.01 lakhs)

Note 10 Financial Risk Management

The Company's principal financial liabilities comprise payable to Power Grid Corporation of India Limited (Holding Company) 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 cash and cash equivalents only.
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 not exposed to credit risk from its operating activities as it has ceased to be a going concern and does not have any 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 such recoveries are made, these are recognized in the statement of profit and loss.

(i) Other Financial Assets (excluding trade receivables and unbilled revenue)

- **Cash and cash equivalents**

The Company held cash and cash equivalents of ₹0.13 Lakh (Previous Year ₹0.14 Lakh). The cash and cash equivalents are held with public sector banks and do not have any significant credit risk. The company will not be able to do further any activity and ceased to be a going concern.

(ii) Exposure to credit risk

(₹ In Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Cash and cash equivalents	0.13	0.14
Total	**0.13**	**0.14**

(iii) **Provision for expected credit losses**

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 unbilled revenue) 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) Liquidity Risk

The company will not be able to do further any activity and ceased to be a going concern.

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.

The amount disclosed in the table is the contractual undiscounted cash flows.

(₹ 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	-	-	-	-
Other financial liabilities	-	-	-	-
Lease liabilities	-	-	-	-
Others	1,942.76	-	-	1942.76
Total	**1,942.76**	**-**	**-**	**1942.76**
As at 31.03.2022				
Borrowings (including interest outflows)	-	-	-	-
Trade payables	-	-	-	-
Other financial liabilities	-	-	-	-
Lease liabilities	-	-	-	-
Others	1,941.93	-	-	1941.93
Total	**1,941.93**	**-**	**-**	**1,941.93**

(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:

(i) Currency risk

(ii) 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 foreign currency.

(ii) Interest rate risk

The company has not taken any loans. Hence, the Company does not have exposure to interest rate risk.

Note 11 Additional Regulatory Information as per Schedule III to the Companies Act, 2013

a) The company does not hold any immovable property.

b) There is no Capital-work-in-progress (CWIP) or Intangible assets under development as on 31.03.2023 & 31.03.2022.

c) 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.

d) The Company is not sanctioned any working capital limit secured against current assets by any Finance Institutions.

e) The company was not declared as a wilful defaulter by any bank or financial Institution or other lender during the financial year.

f) The Company does not have any transactions, balances or relationship with Struck off companies.

g) The Company does not have any Charges on the Assets of the Company.

h) The company has complied 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 during the financial year.

i) Ratios

Ratio	**Numerator**	**Denominator**	**Current Year**	**Previous Year**	**Variance**	**Reason for variance >25%**
(a) Current Ratio	Current Assets	Current Liabilities	0.00	0.00	0%	-
(b) Debt-Equity Ratio	Total Debt	Shareholder’s Equity	NA	NA	-	-
(c) Debt Service Coverage Ratio	Profit for the period + Depreciation and amortization expense + Finance costs	Interest & Lease Payments + Principal Repayments	NA	NA	-	-
(d) Return on Equity Ratio	Profit for the period	Average Shareholder’s Equity	NA	NA	-	-
(e) Inventory turnover ratio	Revenue from Operations	Average Inventory	NA	NA	-	-
(f) Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivables (before deducting provision)	NA	NA	-	-
(g) Trade payables turnover ratio	Gross Other Expense (–) FERV, Provisions, Loss on disposal of PPE	Average Trade payables	NA	NA	-	-
(h) Net capital turnover ratio	Revenue from Operations	Current Assets - Current Liabilities	NA	NA	-	-
(i) Net profit ratio	Profit for the period	Revenue from Operations	NA	NA	-	-
(j) Return on Capital employed	Earnings before interest and taxes	Tangible Net Worth + Total Debt + Deferred Tax Liability	NA	NA	-	-
(k) Return on investment	{MV(T1) – MV(T0) – Sum [C(t)]}	{MV(T0) + Sum [W(t) * C(t)]}	NA	NA	-	-

j) 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.

k) 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.

l) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

Note 12 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.

As on the date of Balance sheet company does not have any Inventory or own any Property, Plant & Equipment and hence no depreciation provided in the books of accounts. Further, the company being in Loss, Deferred tax provision has not been made as the company is ceased to be a going concern.

Note 13 Going Concern Assumption

The company was formed as SPV for execution of Vemagiri Transmission system allocated on Tariff Based Competitive Bidding (TBCB). CERC vide order dated 09.05.2013 and 27.09.2013 interalia stated that Vemagiri Transmission system cannot be executed in its present form. In this scenario, the company will not be able to do further any activity and ceased to be a going concern.

The CERC vide its order dated 06th April 2015, had withdrawn their earlier regulatory approval given vide its order dated 13-Dec-2011 since the transmission project is not required to be implemented as there was no enough gas in the KG Basin to supply to the beneficiaries M/s Samalkot Power Ltd., and M/s Spectrum Power generation Limited. CERC further directed that 80% of the acquisition price incurred by M/s Powergrid Vemagiri Transmission Ltd shall be reimbursed by M/s Samalkot Power Ltd and M/s Spectrum Power Generation Limited to POWERGRID in proportion to the LTA granted to them. The balance 20% and the expenditure incurred by Powergrid Vemagiri Transmission Limited from the date of acquisition till the liquidation of the company shall be borne by POWERGRID. Order further stated that in case there is any realization from the assets of M/s Powergrid Vemagiri Transmission Ltd in future, the same shall be apportioned between LTTCs and PGCIL in the ratio of 80:20.

Aggrieved with the said order, M/s Spectrum Power Generation Limited and Samalkot Power Limited filed an appeal in APTEL. (Appeal 128 & 171 of 2015). The decision of the APTEL is still awaited.

Note 14 Disclosure as per Ind AS 115 - "Revenue from Contracts with Customer"

As the company is not in operation, Ind AS 115 "Revenue from Contracts with Customers" is not applicable.

Note 15 Based on information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act, 2006). The Company has no outstanding liability towards Micro, Small and Medium Enterprises.

Sr. No	Particulars	Trade Payables		Others	
		As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
1	Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year:				
	Principal	Nil	Nil	Nil	Nil
	Interest	Nil	Nil	Nil	Nil
2	The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	Nil	Nil	Nil	Nil

Note 16 Disclosure as per Ind AS 116 - "Leases"

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

Note 17 Corporate Social Responsibility (CSR) Expenses

As per Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 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 CSR Policy.

Since, Company has not satisfied any of the criteria provided in Section 135 of the Companies Act, 2013, the Company is not required to spend any amount for CSR activities.

Note 18 Fair Value Measurement

(₹ in lakh)

Financial Instruments by category	**As at 31 March, 2023**	**As at 31 March, 2022**
	Amortised cost	**Amortised cost**
Financial Assets		
Cash & cash Equivalents	0.13	0.14
Total Financial assets	**0.13**	**0.14**
Financial Liabilities		
Other Financial Liabilities		
Current	1,942.76	1,941.93
Total financial liabilities	**1,942.76**	**1,941.93**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at fair value and financial instruments that are 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. Since there is nothing Non-Current as at 31st Mar 2023 and 31st Mar 2022, nothing has been categorised as Level 1 or Level 2 or Level 3.

The carrying amounts of 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 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 includes:

• 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.

Note 19 Disclosure as per Ind AS 24 - "Related Party Disclosures"

(a) Holding Company

Name of entity	Place of business/ Country of incorporation	Proportion of Ownership	
		As at 31 March, 2023	As at 31 March, 2022
Power Grid Corporation of India Limited	India	100%	100%

(b) Subsidiaries of Holding Company

Name of entity	Place of business/ Country of incorporation
POWERGRID NM Transmission Limited	India
POWERGRID Unchahar Transmission Limited	India
POWERGRID Southern Interconnector Transmission System Limited	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 Energy Services Limited	India
POWERGRID Narela Transmission Limited (Erstwhile Khetri Narela Transmission Limited)*	India
POWERGRID Gomti Yamuna Transmission Limited (Erstwhile Mohanlalganj Transmission Limited)**	India
POWERGRID Neemuch Transmission System Limited (Erstwhile Neemuch Transmission Limited)#	India
POWERGRID ER NER Transmission Limited (Erstwhile ER NER Transmission Limited)##	India
Khavda II-B Transmission Limited***	India
Khavda II-C Transmission Limited***	India
Khavda RE Transmission Limited***	India
KPS2 Transmission Limited***	India
KPS3 Transmission Limited***	India
ERWR Power Transmission Limited***	India
Raipur Pool Dhamtari Transmission Limited###	India
Dharamjaigarh Transmission Limited###	India
Bhadla Sikar Transmission Limited###	India

*100% equity acquired by POWERGRID from PFC Consulting Limited on 11.05.2022

**100% equity acquired by POWERGRID from PFC Consulting Limited on 30.05.2022

#100% equity acquired by POWERGRID from REC Power Development and Consultancy Limited (erstwhile REC Power Distribution Company Limited) on 24.08.2022.

##100% equity acquired by POWERGRID from REC Power Development and Consultancy Limited (erstwhile REC Power Distribution Company Limited) on 10.10.2022

***100% equity acquired by POWERGRID from REC Power Development and Consultancy Limited (erstwhile REC Power Distribution Company Limited) on 21.03.2023

###100% equity acquired by POWERGRID from PFC Consulting Limited on 28.03.2023

(b) 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*	India
Butwal-Gorakhpur Cross Border Power Transmission Limited#	India
Power Transmission Company Nepal Limited	Nepal

*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 lspat 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(MoS), Government of India, for closure of RPTPL. The approval for closure of RPTPL is received on 11.07.2022 from MoS.

#Incorporated 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.

(c) 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

(d) Key Managerial Personnel

Name	Designation
Shri Sunil Agrawal	Chairperson (ceased to be Director on 31.03.2023)
Shri Rajesh Srivastava	Director (appointed w.e.f. 04.08.2022)
Smt Seema Gupta	Director (appointed w.e.f. 06.06.2022)
Smt Sangeeta Saxena	Director
Shri A K Shukla	Director
Shri Anoop Kumar	Director (ceased to be Director on 30.06.2022)
Shri Mukesh Khanna	Director (appointed w.e.f. 05.04.2023)

(e) 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.

(f) 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:

(₹ in lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
<u>**Amounts payable**</u>		
Power Grid Corporation of India Ltd. (Holding Company)*		
Other Payables	1,942.33	1,941.50

* Since the FY 2013-14, in which the Company has charged off CWIP to Revenue, Holding Company is making necessary provision in its Financial Statements against the receivables from the Company and investment made in the Company.

(g) Transactions with related parties

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

(₹ in lakh)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Power Grid Corporation of India Ltd. (Holding Company)		
Expenses of the company paid by POWERGRID	0.83	0.56

Note 20 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 segment has been identified on the basis of product/services. The company has a single reportable segment i.e., Power transmission network for transmission system.

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

Note 21 Capital and other Commitments

(₹ in lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

Note 22 Contingent Liabilities and contingent assets

A. Contingent Liabilities

No contingent liability exists as on 31st Mar 2023. (As on 31st Mar 2022 is NIL).

B. Contingent Assets

Holding Company filed an appeal in APTEL on 16/12/2016 placing before the facts with a prayer that Spectrum Power Generation Limited, Samalkot Power Limited and REC Transmission Project Company Limited (RECTPCL) are jointly and/or severally liable to compensate POWERGRID for the entire cost incurred, namely, the acquisition cost of ₹1827.94 lakhs as well as additional expenditure incurred from the date of acquisition and interest and carrying cost till the date of reimbursement. Extensive hearings were held by Hon’ble Tribunal and Hon’ble Tribunal vide order dated 12.02.2020 has directed all the parties to file written submissions. All the parties to dispute have filed written submissions to APTEL. The Company believes that a favourable outcome is probable. Since the judgement is yet to be pronounced by the Honourable Tribunal, also aggrieved parties may approach higher courts, in such circumstances, estimating timing and realizable amount is not ascertainable. As such, it is impracticable to estimate the exact financial impact of the same.

Note 23 Capital management

a) Risk Management

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 will not be able to do further any activity and ceased to be a going concern. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

Note 24 Earnings per share

Particulars	**For the year ended 31.03.2023**	**For the year ended 31.03.2022**
Basic and diluted earnings per share attributable to the equity holders of the company from Discontinued Operations (in ₹)	(1.60)	(1.20)
Total Earnings attributable to the equity holders of the company (₹ in lakh)	(0.80)	(0.60)
Weighted average number of shares used as the denominator	50,000	50,000

Note 25 Employee Benefits

The company has not employed any employee hence, does not have any employee related benefit obligations.

Note 26 Recent Pronouncements

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

Note 27 a)Figures have been rounded off to nearest rupees in lakh up to two decimals.

b) Previous year's figures have been regrouped/ rearranged wherever considered necessary.

c) Figures in brackets indicate negative amounts.

As per our report of even date
For T Koteswara Rao & Co
Chartered Accountants
Firm Regn. No. 001438S

For and on behalf of Board Of Directors

Mukesh Khanna
Chairman
DIN-09195110
Place : Gurugram
Date: 08 May, 2023

Sangeeta Saxena
Director
DIN-08739674
Place : Gurugram
Date: 08 May, 2023

CA C.G.K.Murthy
Partner
Mem. No. 021202
Place : Hyderabad
Date: 08 May, 2023
UDIN: 23021202BGPOIA2479