

**POWERGRID UNCHAHAR TRANSMISSION LIMITED**

Wholly Owned Subsidiary of Power Grid Corporation of India Limited

**(CIN: U65100DL2012GOI246341)**

**ANNUAL REPORT 2022-23**

# **POWERGRID UNCHAHAR TRANSMISSION LIMITED**

**CIN: U65100DL2012GOI246341**

**Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016**

**Tel: 011-26560112**

## **DIRECTORS' REPORT**

To,

Dear Members,

It gives me immense pleasure to present on behalf of the Board of Directors, the Eleventh Annual Report of POWERGRID Unchahar Transmission Limited on the working of the Company together with Audited Financial Statements and Auditors' Report for the financial year ended March 31, 2023.

### **State of the Company's Affairs**

POWERGRID Unchahar Transmission Limited ("PUTL" / "Company") was acquired by Power Grid Corporation of India Limited ("POWERGRID") on March 24, 2014 under tariff based competitive bidding from REC Transmission Projects Company Limited (the bid process co-ordinator) for establishment of transmission system for Associated Transmission System ("ATS") of Unchahar Thermal Power Station ("TPS") on a build-own-operate-maintain (BOOM) basis. The transmission system comprising Unchahar - Fatehpur 400kV Double Circuit (D/C) line (about 106.74 circuit kilometer) traverses the state of Uttar Pradesh. PUTL was granted transmission license by Central Electricity Regulatory Commission on July 21, 2014 and the project has been commissioned on October 1, 2016.

During the year 2020-21, your Company had entered into the business of providing investment management services and was appointed as the Investment Manager to POWERGRID Infrastructure Investment Trust ("PGInvIT" / "Trust"), an infrastructure investment trust ("InvIT"), set up by its holding company, POWERGRID as the Sponsor, under the SEBI(InvIT) Regulations, 2014, as amended or supplemented (the "InvIT Regulations"). IDBI Trusteeship Services Limited ("ITSL") is the Trustee and POWERGRID is also the Project Manager to PGInvIT in terms of the InvIT Regulations.

Pursuant to the Investment Management Agreement (the "IMA") executed by your Company on December 18, 2020 with ITSL and five erstwhile subsidiaries of POWERGRID viz. Vizag Transmission Limited (formerly POWERGRID Vizag Transmission Limited); POWERGRID Kala Amb Transmission Limited; POWERGRID Warora Transmission Limited; POWERGRID Parli Transmission Limited; and POWERGRID Jabalpur Transmission Limited (collectively, initial

portfolio assets, "IPAs"), your Company in its capacity as Investment Manager to PGInvIT carried out all activities related to the initial public offer ("IPO") of PGInvIT, which was launched in April, 2021 and subsequent listing of its units on the Stock Exchanges – National Stock Exchange of India Limited and BSE Limited on May 14, 2021.

### **Operational Performance**

#### Power Transmission

On the operational front, the availability of the transmission system of your Company was higher than the target availability of 98%.

#### Investment Management Services

In terms of the IMA and the InvIT Regulations, your Company carried out necessary activities for managing PGInvIT and the IPAs including coordinating with ITSL for various operations, undertaking investment decisions with respect to the underlying assets or projects of PGInvIT and any further investment or disinvestment decisions.

### **Financial Performance**

	<i>(₹ in lakhs)</i>	
<b>Particulars</b>	<b>2022-23</b>	<b>2021-22</b>
Revenue from Operations	2,831.04	3,027.99
Other Income	44.43	25.12
<b>Total Income</b>	<b>2,875.47</b>	<b>3,053.11</b>
Total Expenses	1,316.73	1,209.50
Profit before Tax	1,558.74	1,843.61
Profit after Tax	1,482.57	1,675.70
Earnings Per Equity Share (₹)	11.44	12.93

### **Share Capital**

The Authorized Share Capital and Paid up Share Capital of the Company as on March 31, 2023, were ₹ 14,00,00,000/- and ₹ 12,96,10,670/-, respectively.

### **Dividend**

During the financial year 2022-23, your Company paid interim dividends on three occasions viz. ₹3.00 per share in July, 2022, ₹2.80 per share in October, 2022 and ₹ 2.90 per share in January, 2023 out of profits of the Company for the FY 2022-23. The Directors of your Company recommend final dividend of ₹2.70 per share for the financial year 2022-23. The total dividend for the year amounts to ₹ 1,477.56 lakhs (including interim dividends of ₹ 1,127.61 lakhs). The final dividend shall be paid after your approval at the Annual General Meeting.

## **Reserves**

The Company has transferred an amount of ₹ 8.75 lakhs to Self-Insurance Reserve. Retained Earnings as on March 31, 2023 stood at ₹ 1,508.08 lakhs.

## **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.

## **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.

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

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

## **Deposits**

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

## **Subsidiaries, Joint Ventures and Associate Companies**

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

## **Directors' Responsibility Statement**

As required under section 134(3)(c) & 134(5) of the Companies Act, 2013, the 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 the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Conservation of Energy, Technology absorption, Foreign Exchange Earning and Outgo**

All efforts are made to conserve and optimize the use of Energy and explore new technologies. There is no Foreign Exchange Earnings and Outgo during the financial year 2022-23.

### **Annual Return**

In compliance with the provisions of Section 92(3) of the Companies Act, 2013 read with Section 134(3)(a) of the Companies Act, 2013, copy of Annual Return can be accessed at the weblink –[https://putl.in/Docs/Draft%20Annual%20Return%20\(MGT-7%20FY%202022-23\).pdf](https://putl.in/Docs/Draft%20Annual%20Return%20(MGT-7%20FY%202022-23).pdf)

### **Board of Directors and Key Managerial Personnel**

As on March 31, 2023, the Board comprised four Directors viz. Shri Abhay Choudhary, Shri Ashok Kumar Singhal, Shri Onkarappa KN and Shri Ram Naresh Tiwari.

There were some changes in the Board of Directors of the Company during the financial year 2022-23.

Shri Abhay Choudhary was appointed as Additional Director – Non-executive (Non-independent) Director & Chairman w.e.f. June 01, 2022. Subsequently, after the end of financial year 2022-23, Shri Purshottam Agarwal was appointed as Additional Director – Non-executive (Non-independent) Director w.e.f. April 01, 2023.

Smt. Seema Gupta ceased to be Non-executive (Non-independent) Director & Chairperson of the Company w.e.f. May 31, 2022. Also, Shri Ashok Kumar Singhal ceased to be Non-executive (Non-independent) Director of the Company w.e.f. March 31, 2023.

The Board places on record its appreciation for the valuable contribution, guidance and support provided by Smt. Seema Gupta and Shri Ashok Kumar Singhal during their tenure as Directors of the Company.

Shri Abhay Choudhary, shall retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, has offered himself for re-appointment.

Shri Purshottam Agarwal, who was appointed as Additional Director – Non-executive (Non-independent) Director, hold office till the ensuing Annual General Meeting . The Company has received a notice under Section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Purshottam Agarwal as Director, liable to retire by rotation in the ensuing Annual General Meeting.

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

During the year, Shri Purshottam Agarwal resigned from the position of Chief Executive Officer of the Company w.e.f. March 02, 2023 and Shri Sanjay Sharma was appointed as Chief Executive Officer of the Company w.e.f. March 02, 2023. As on March 31, 2023, Shri Sanjay Sharma, Shri Amit Garg and Ms. Anjana Luthra were Chief Executive Officer, Chief Financial Officer and Company Secretary, respectively of the Company.

#### **Number of Board meetings during the year**

During the financial year ended March 31, 2023, ten (10) meetings of Board of Directors were held and the dates of meetings were April 20, 2022, May 26, 2022, June 28, 2022, July 27, 2022, August 29, 2022, October 21, 2022, November 9, 2022, January 24, 2023, March 02, 2023 and March 31, 2023. The details of number of meetings attended by each Director during the financial year 2022-23 are as under:

<b>Name of Director</b>	<b>Designation</b>	<b>No. of Board Meetings entitled to attend during FY 2022-23</b>	<b>No. of Board Meetings attended during FY 2022-23</b>
Shri Abhay Choudhary*	Non-executive (Non-independent) Director & Chairman	08	08
Smt. Seema Gupta**	Non-executive (Non-independent) Director & Chairperson	02	02
Shri Ashok Kumar Singhal***	Non-executive (Non-independent) Director	10	10
Shri Onkarappa KN	Independent Director	10	10
Shri Ram Naresh Tiwari	Independent Director	10	10

\*Appointed as Non-executive (Non-independent) Director & Chairman w.e.f. June 01, 2022.

\*\*Ceased to be Non-executive (Non-independent) Director & Chairperson w.e.f. May 31, 2022.

\*\*\*Ceased to be Non-executive (Non-independent) Director w.e.f. March 31, 2023.

## **Committees of Board**

Your Company is not required to constitute an Audit Committee and Nomination & Remuneration Committee in terms of notifications dated July 5, 2017 and July 13, 2017 issued by the Ministry of Corporate Affairs. Further, as per provisions of the Companies Act, 2013, your Company is not required to constitute Stakeholders' Relationship Committee.

However, as part of the Corporate Governance Framework implemented by your Company in relation to PGINVIT in its capacity as Investment Manager, the Board of Directors of your Company have formed the following committees of the Board in relation to PGINVIT.

### **Audit Committee**

As on March 31, 2023, the Audit Committee comprised the following members:

- |    |                          |  |   |                           |
|----|--------------------------|--|---|---------------------------|
| 1. | Shri Onkarappa KN        | Independent Director                           | : | Chairman of the Committee |
| 2. | Shri Ram Naresh Tiwari   | Independent Director                           | : | Member                    |
| 3. | Shri Ashok Kumar Singhal | Non-executive<br>(Non-independent)<br>Director | : | Member                    |

During the financial year 2022-23, eight (08) meetings of Audit Committee were held i.e. on April 20, 2022, May 26, 2022, June 28, 2022, July 27, 2022, October 21, 2022, November 09, 2022, January 24, 2023 and March 24, 2023.

### **Investment Committee**

As on March 31, 2023, the Investment Committee comprised the following members:

- |    |                          |  |   |                           |
|----|--------------------------|--|---|---------------------------|
| 1. | Shri Ram Naresh Tiwari   | Independent Director                           | : | Chairman of the Committee |
| 2. | Shri Onkarappa KN        | Independent Director                           | : | Member                    |
| 3. | Shri Ashok Kumar Singhal | Non-executive<br>(Non-independent)<br>Director | : | Member                    |

During the financial year 2022-23, four (04) meetings of Investment Committee were held i.e. on June 17, 2022, September 26, 2022, December 09, 2022 and March 24, 2023.

### **Stakeholders' Relationship Committee**

As on March 31, 2023, the Stakeholders' Relationship Committee comprised the following members:

- |    |                             |   |                             |
|----|-----------------------------|---|-----------------------------|
| 1. | Shri Abhay Choudhary        | Non-executive<br>(Non-independent)<br>Director & Chairman | : Chairman of the Committee |
| 2. | Shri Ram Naresh Tiwari      | Independent Director                                      | : Member                    |
| 3. | Shri Ashok Kumar<br>Singhal | Non-executive<br>(Non-independent)<br>Director            | : Member                    |

During the financial year 2022-23, four (04) meetings of Stakeholders' Relationship Committee were held i.e. on April 20, 2022, July 14, 2022, October 21, 2022 and January 13, 2023.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted on March 31, 2023 and comprised the following members:

- |    |                             |  |                             |
|----|-----------------------------|--|-----------------------------|
| 1. | Shri Onkarappa KN           | Independent Director                           | : Chairman of the Committee |
| 2. | Shri Ram Naresh Tiwari      | Independent Director                           | : Member                    |
| 3. | Shri Ashok Kumar<br>Singhal | Non-executive<br>(Non-independent)<br>Director | : Member                    |

No meeting of Nomination and Remuneration Committee was held during the year.

### **Risk Management Committee**

The Risk Management Committee was constituted on March 31, 2023 and comprised the following members:

- |    |                             |  |                             |
|----|-----------------------------|--|-----------------------------|
| 1. | Shri Ram Naresh Tiwari      | Independent Director                           | : Chairman of the Committee |
| 2. | Shri Onkarappa KN           | Independent Director                           | : Member                    |
| 3. | Shri Ashok Kumar<br>Singhal | Non-executive<br>(Non-independent)<br>Director | : Member                    |

No meeting of Risk Management Committee was held during the year.



### **Committee of Directors for Appointments**

In addition to the aforesaid Committees, your Company has voluntarily formed 'Committee of Directors for Appointments' in relation to PGINVIT. As on March 31, 2023, the Committee of Directors for Appointments comprised the following members:

- |                           |   |                             |
|---------------------------|---|-----------------------------|
| 1. Shri Abhay Choudhary   | Non-executive<br>(Non-independent)<br>Director & Chairman | : Chairman of the Committee |
| 2. Shri Onkarappa KN      | Independent Director                                      | : Member                    |
| 3. Shri Ram Naresh Tiwari | Independent Director                                      | : Member                    |

During the financial year 2022-23, one (01) meeting of Committee of Directors for Appointments was held i.e. on August 29, 2022.

### **Corporate Social Responsibility Committee**

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), your Company has constituted Corporate Social Responsibility ("CSR") Committee. As on March 31, 2023, the CSR Committee comprised the following members:

- |                             |   |                             |
|-----------------------------|---|-----------------------------|
| 1. Shri Abhay Choudhary     | Non-executive<br>(Non-independent)<br>Director & Chairman | : Chairman of the Committee |
| 2. Shri Onkarappa KN        | Independent Director                                      | : Member                    |
| 3. Shri Ashok Kumar Singhal | Non-executive<br>(Non-independent)<br>Director            | : Member                    |

During the financial year 2022-23, one (01) meeting of CSR Committee was held i.e. on October 21, 2022.

Your Company spent the entire CSR budget of ₹ 28.65 lakhs for the financial year 2022-23 towards contribution to 'PM CARES FUND'. As per requirement of Section 135 of the Companies Act, 2013 and Rule 8(1) of the CSR Rules, the Annual Report of your Company's CSR activities is enclosed at **Annexure- II** to this report.

Shri Purshottam Agarwal was appointed as Additional Director – Non-executive (Non-independent) Director and Member of Audit Committee, Investment Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Risk Management Committee and CSR Committee (in place of Shri Ashok Kumar Singhal) w.e.f. April 01, 2023.

### **Declaration by Independent Directors**

During the year under review, the Independent Directors of your Company have met the requirements specified under Section 149(6) of the Companies Act, 2013 for holding the position of 'Independent Director' and necessary declaration from each Independent Director under Section 149 (7) was received.

### **Separate Meeting of Independent Directors**

A separate meeting of Independent Directors was held on March 24, 2023. The meeting was attended by both the Independent Directors of your Company. In this meeting, Independent Directors assessed the quality, quantity and timeliness of flow of information between the Company management and the Board which is necessary for the Board to perform its duties effectively and reasonably.

### **Performance Evaluation**

Your Company, being the wholly-owned subsidiary of POWERGRID, is a Government Company. The Ministry of Corporate Affairs, vide Notification dated June 5, 2015, has exempted Government Companies from the provisions of Section 178(2) of the Companies Act, 2013, which provides for manner of evaluation of performance of Board, its Committees and individual Directors. Further, the requirement of mentioning a statement on the manner of formal annual performance evaluation in Board's Report as per section 134(3)(p) of the Companies Act, 2013 is also not applicable for Government Companies, where the directors are evaluated by the Ministry or Department of the Central Government, which is administratively in charge of the company, as per its own evaluation methodology. Also, the Ministry of Corporate Affairs, vide its notification dated July 5, 2017, has exempted Government Companies from the provisions of Schedule IV of the Companies Act, 2013 with regard to review of performance by the Independent Directors of Chairman, non-independent directors and the Board as a whole and for performance evaluation of the Independent Directors by the Board, if the concerned departments or ministries have specified these requirements.

The Whole-time Directors & senior officials of POWERGRID, the holding company, nominated as Directors of your Company are evaluated under a laid down procedure of the Department of Public Enterprises ("DPE") - for evaluation of CMD / Functional Directors by the Administrative Ministry and that for senior officials by POWERGRID. The Independent Directors appointed on the Board of your Company by the Government of India are evaluated by the Administrative Ministry.

### **Statutory Auditors**

M/s Khanna Thaker & Co., Chartered Accountants, Lucknow, were appointed by Comptroller and Auditor General (C&AG) of India as Statutory Auditors of your Company for the financial year 2022-23.

### **Statutory Auditors' Report**

M/s Khanna Thaker & Co., Chartered Accountants, Lucknow, the Statutory Auditors for the financial year 2022-23 have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

### **Comptroller and Auditor General's (C&AG) Comments**

C&AG, vide letter dated May 30, 2023, has decided not to conduct the supplementary audit under Section 143(6)(a) of the Companies Act, 2013 of the financial statements of the Company for the year ended March 31, 2023. Copy of letter dated May 30, 2023 received from C&AG is placed at ***Annexure-III*** to this report .

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

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

### **Secretarial Audit Report**

The requirement of obtaining a Secretarial Audit Report from a practicing company secretary was not applicable to your Company for the financial year 2022-23.

### **Maintenance of Cost Records**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, maintenance of cost records as specified by the Central Government, was not applicable to your Company during the financial year 2022-23.

### **Development & Implementation of Risk Management Policy**

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

### **Particulars of Employees**

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

### **Secretarial Standards of Institute of Company Secretaries of India (ICSI)**

Your Company has followed the requirements under the applicable Secretarial Standards, i.e. Secretarial Standard-1 (SS-1) on 'Meetings of the Board of Directors' and Secretarial Standard-2 (SS-2) on 'General Meetings' of the ICSI, read with applicable circulars and notifications issued by the Ministry of Corporate Affairs from time to time.

### **Prevention of Sexual Harassment at Workplace**

POWERGRID (the holding company) has Internal Committee (IC) in place to redress the complaints of sexual harassment. There was no incidence of sexual harassment during the financial year 2022-23.

### **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 as at March 31, 2023.

### **Insolvency and Bankruptcy Code, 2016**

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

### **Right to Information**

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

## **Acknowledgement**

The Board of Directors place on record their gratitude for the support of Ministry of Power, the Central Electricity Regulatory Commission, Securities and Exchange Board of India, the Central Electricity Authority, the Department of Public Enterprises, Grid Controller of India Limited (formerly Power System Operation Corporation Limited), Central Transmission Utility of India Limited, Power Grid Corporation of India Limited, the Comptroller & Auditor General of India, the Auditors, customers, and various other authorities. Your directors further place on record their appreciation for the hard work and dedication of the employees and support services of the Company and also acknowledge their contribution towards the performance of the Company during the financial year 2022-23.

For and on behalf of  
**POWERGRID Unchahar Transmission Limited**

Sd/-  
**(Abhay Choudhary)**  
**Chairman**  
**DIN: 07388432**

Date: July 31, 2023  
Place: Gurgaon

**Annexure-I**

**POWERGRID UNCHAHAR TRANSMISSION LIMITED**

**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 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.

<b>Sl. No.</b>	<b>Particulars</b>	<b>Details</b>
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.

<b>Sl. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	(a) Name (s) of the related party & nature of relationship	Power Grid Corporation of India Limited ("POWERGRID") [holding company w.e.f. 24.03.2014].
	(b) Nature of contracts/arrangements/transaction	Part (A) to take any security(ies) / guarantee(s) in connection with loan(s) and / or any form of debt including ECBs and/or to avail Inter corporate loan(s) on cost to cost basis, or a combination thereof, upto an amount of ₹ 90 crore from POWERGRID. Part (B) to avail all inputs and services as may be required by the Company from POWERGRID. Part (C) to avail services of POWERGRID for undertaking all post CoD activities including O&M consultancy as may be required by the Company.

		<p>Part (D) Availing of services from POWERGRID being the Project Manager appointed by IDBI Trusteeship Services Ltd (Trustee) and your Company for implementation, development, maintenance, operation and management of the assets of POWERGRID Infrastructure Investment Trust (PGInvIT)<sup>#</sup> which initially comprises Vizag Transmission Limited ("VTL") {formerly POWERGRID Vizag Transmission Limited("PVTL")}; POWERGRID Kala Amb Transmission Limited("PKATL"); POWERGRID Warora Transmission Limited("PWTL");POWERGRID Jabalpur Transmission Limited("PJTL"); and POWERGRID Parli Transmission Limited ("PPTL").</p> <p>Part (E) to use the Trademarks i.e. POWERGRID Logo throughout India and rest of the world.</p> <p>Part(F) Availing of short-term lease from POWERGRID for office space admeasuring approx. 800 sqft and information technology system including hardware and software with firewalls and security features and telecommunication systems.</p> <p>Part(G) (a)Acquisition by PGInvIT<sup>#</sup> from POWERGRID of shares held by POWERGRID in VTL, PKATL, PJTL, PWTL and PPTL.</p> <p>Part (G)(b) Acquisition by PGInvIT<sup>#</sup> through its respective SPVs namely PPTL, PWTL and PJTL of the rights to additional revenue accrued to these three SPVs under 'change of law', from POWERGRID.</p> <p><i><sup>#</sup>Your Company is acting in its capacity as Investment Manager to PGInvIT.</i></p>
	(c) Duration of the contracts/ arrangements/ transaction	<p>Part (A) As mutually agreed</p> <p>Part (B) As mutually agreed</p> <p>Part (C) As mutually agreed</p> <p>Part (D) As mutually agreed</p> <p>Part (E) As mutually agreed</p> <p>Part (F) As mutually agreed</p> <p>Part (G) (a) and (b) As mutually agreed</p>
	(d)Salient terms of the contracts or arrangements or transaction including the value, if any	Refer (b)
	(e)Date of approval by the Board	<p>13.08.2014 and 27.02.2017 [for Part (A)],</p> <p>04.04.2016 [for Part (B)],</p> <p>21.01.2021 [for Part (C)],</p> <p>04.01.2021 [for Part (D)],</p> <p>21.01.2021 [for Part (E)],</p> <p>31.01.2020 [for Part (F)],</p> <p>08.03.2021 [for Part (G)(a)], and 28.02.2022 [for Part (G)(b)]</p>

	(f) Amount paid as advances, if any	-
2.	(a) Name (s) of the related party & nature of relationship	<p>1. Vizag Transmission Limited ("VTL") {formerly POWERGRID Vizag Transmission Limited("PVTL")}, SPV of PGInvIT</p> <p>2. Associates of Holding Company i.e. POWERGRID and SPVs of PGInvIT:</p> <p>a) POWERGRID Kala Amb Transmission Limited("PKATL")</p> <p>b) POWERGRID Warora Transmission Limited("PWTL")</p> <p>c) POWERGRID Jabalpur Transmission Limited("PJTL")</p> <p>d) POWERGRID Parli Transmission Limited ("PPTL")</p>
	(b) Nature of contracts/ arrangements/transaction	<p>Part (A) to render investment management services as Investment Manager to PGInvIT including management &amp; administration of its assets which initially comprise VTL, PKATL, PJTL, PWTL and PPTL.</p> <p>Part (B) Availing of services from POWERGRID being the Project Manager appointed by IDBI Trusteeship Services Ltd ("Trustee") and your Company for implementation, development, maintenance, operation and management of the assets of PGInvIT# which initially comprises VTL, PKATL, PJTL, PWTL and PPTL.</p> <p>Part (C) Extension of loan by PGInvIT# to its SPVs being VTL, PKATL, PJTL, PWTL and PPTL.</p> <p>Part(D) (a)Acquisition by PGInvIT# from POWERGRID of shares held by POWERGRID in VTL, PKATL, PJTL, PWTL and PPTL.</p> <p>Part (D)(b)Acquisition by PGInvIT# through its respective SPVs namely PPTL, PWTL and PJTL of the rights to additional revenue accrued to these three SPVs under 'change of law', from POWERGRID.</p> <p><i>#Your Company is acting in its capacity as Investment Manager to PGInvIT.</i></p>
	(c) Duration of the contracts/arrangements/transaction	<p>Part (A) As mutually agreed</p> <p>Part (B) As mutually agreed</p> <p>Part (C) As mutually agreed</p> <p>Part (D) (a) and (b) As mutually agreed</p>
	(d) Salient terms of the contracts or arrangements or transaction including the value, if any	Refer (b)
	(e)Date of approval by the Board	<p>17.12.2020 [for Part (A)],</p> <p>04.01.2021 [for Part (B)],</p> <p>08.03.2021, 20.04.2022 and 28.06.2022 [for Part(C)],</p> <p>08.03.2021 [for Part (D)(a)], and</p> <p>28.02.2022 [for Part (D)(b)]</p>



	(f) Amount paid as advances, if any	-
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For and on behalf of  
**POWERGRID Unchahar Transmission Limited**

Sd/-  
**(Abhay Choudhary)**  
**Chairman**  
**DIN: 07388432**

Date: July 31, 2023

Place: Gurgaon

## Annexure II

### Annual Report on CSR Activities to be included in the Board's Report for Financial Year 2022-23

#### 1. Brief outline on CSR Policy of the Company.

Your Company has adopted the CSR policy of its holding company viz. POWERGRID. CSR Policy of POWERGRID is formulated keeping in view the requirements of the Companies Act, 2013 (the "Act") and the Department of Public Enterprises guidelines. The activities proposed to be undertaken under CSR shall include all the activities mentioned in Schedule VII of Section 135(3)(a) of the Act. The Policy is available on: -

<https://www.powergrid.in/sites/default/files/CSR%26S%20policy.pdf>

#### 2. Composition of CSR Committee:

Composition of CSR Committee and meeting(s) attended by members of the Committee were as under:

At the beginning of the year, CSR Committee comprised the following members:

Sl. No.	Name of Directors	Designation Nature Directorship / of	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Smt. Seema Gupta*	Non-executive (Non-independent) Director & Chairperson	01**	Not Applicable
2	Shri Onkarappa KN	Independent Director	01**	01
3	Shri Ashok Kumar Singhal	Non-executive (Non-independent) Director	01**	01

\*Ceased to be Non-executive (Non-independent) Director & Chairperson as well as Chairperson of CSR Committee w.e.f. 31.05.2022.

\*\* During the year, (01) one meeting was held i.e. on 21.10.2022.

CSR Committee was reconstituted on June 28, 2022 to comprise the following members:

Sl. No.	Name of Directors	Designation Nature Directorship / of	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri Abhay Choudhary#	Non-executive (Non-independent) Director & Chairman	01##	01

2	Shri Onkarappa KN	Independent Director	01##	01
3	Shri Ashok Kumar Singhal	Non-executive (Non-independent) Director	01##	01

# Appointed as Non-executive (Non-independent) Director & Chairman w.e.f. 01.06.2022 and Chairman of CSR Committee w.e.f. 28.06.2022.

## During the year, (01) one meeting was held i.e. on 21.10.2022.

**3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

The requisite information can be accessed at <https://www.putl.in/csr>.

**4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.**  
Not Applicable

**5. (a) Average net profit of the company as per sub-section (5) of section 135.**  
₹ 1,432.39 lakhs

**(b) Two percent of average net profit of the company as per sub-section (5) of section 135 - ₹ 28.65 lakhs**

**(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years- Nil**

**(d) Amount required to be set-off for the financial year, if any- Nil**

**(e) Total CSR obligation for the financial year [(b)+(c)-(d)] - ₹ 28.65 lakhs**

**6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) - ₹ 28.65 lakhs**

**(b) Amount spent in Administrative Overheads- Nil**

**(c) Amount spent on Impact Assessment, if applicable- Nil**

**(d) Total amount spent for the Financial Year [(a)+(b)+(c)] - ₹ 28.65 lakhs**

**(e) CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year. (in ₹ Lakhs)	Amount Unspent (in ₹)					
	Total Amount transferred to Unspent CSR Account as per section (6) of section 135.			Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.	
28.65	Nil	NA	NA	NIL	NA	

**(f) Excess amount for set off, if any: Nil**

Sl. No.	Particular	Amount (in ₹ Lakhs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	28.65
(ii)	Total amount spent for the Financial Year	28.65
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NA
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

**7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount spent in Financial Year (in ₹ Lakhs)	Amount transferred to a fund as specified under Schedule VII as per proviso to sub-section (5) of section 135, if any.		Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer.		
1.	2019-20	Nil	Nil	14.79	Nil	NA	Nil	Nil
2.	2020-21	Nil	Nil	23.92	Nil	NA	Nil	Nil
3.	2021-22	Nil	Nil	26.19	Nil	NA	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>64.90</b>	<b>Nil</b>	<b>NA</b>	<b>Nil</b>	<b>Nil</b>

**8. Whether any capital assets have been created or acquired through Corporate Social responsibility amount spent in financial year: Yes/ No****If yes, enter the number of capital assets created/acquired:****Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

Sl. No.	Short particulars of the property or asset(s) (including complete address and location of the property)	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/authority/beneficiary of registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
	-	-	-	-	-	-	-

**9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135.**

Not Applicable

Sd/-  
Sanjay Sharma  
Chief Executive Officer  
PAN: AENPS3382J

Sd/-  
Abhay Choudhary  
Chairman – CSR Committee  
DIN: 07388432

Date: July 31, 2023

Place: Gurgaon

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

The preparation of financial statements of Powergrid Unchahar Transmission Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) 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 27.04.2023.

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

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



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

**Place: New Delhi**

**Dated: 30/05/2023**



**KHANNA THAKER & COMPANY**  
Chartered Accountants

**INDEPENDENT AUDITORS' REPORT**

TO,  
THE MEMBERS OF  
**POWERGRID UNCHAHAR TRANSMISSION LIMITED**  
Report on the Audit of the Financial Statements

**Opinion**

We have audited the accompanying Ind AS Financial Statements of M/s POWERGRID UNCHAHAR TRANSMISSION LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity, the Statement of Cash Flows for the year ended on that date, and notes to the 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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Ind AS and the accounting principles generally accepted in India, of state of affairs of the Company as at 31st March 2023, its profit including other comprehensive income, its Changes in Equity and its cashflows for the year ended on that date.

**Key Audit Matters**

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

**Basis for Opinion**

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

**Responsibility of Managements and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS and the other accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

7-C/72, Tilak Marg, Dalibagh, Lucknow - 226001  
Ph.: 0522-3565590 Mob.:9415001719 Email: khannathaker@hotmail.com





# KHANNA THAKER & COMPANY

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This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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.

Those 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.

### **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 term of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure - 1' a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 including Other Comprehensive Income, 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 IndAS specified under Section 133 of the Act, read with relevant rules issued there under.
  - e. As the Government Companies have been exempted from applicability of the provision of section 164(2) of the Companies Act, 2013, reporting on disqualification of Directors is not required.







# KHANNA THAKER & COMPANY

## Chartered Accountants

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- f. With respect to the adequacy of internal financial controls over financial reporting of the company with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure - 2'
- g. Pursuant to Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of Section 197 of the Companies Act, 2013, are not applicable to the Company, being a Government Company.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to our best of our information and according to the explanations given to us:
- i. The company has disclosed the impact of pending litigations on its financial position in its financial statements -Refer Note 38 to the financial statements;
  - ii. The company did not have any long-term contracts including derivatives 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 its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 or entity, including foreign entity ("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, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement
  - v. The dividend declared or paid during the year by the Company is in accordance with Section 123 of the Companies Act, 2013.
  - vi. The company, in respect of financial years commencing on or after the 1st April, 2022, has used such accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in





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the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

3. In terms of Section 143 (5) of the Companies Act 2013, we give in the "Annexure-3" statement on the directions issued by the Comptroller and Auditor General of India.

For Khanna Thaker & Co.  
Chartered Accountants  
FRN : 001265C



CA Abhinav Khanna  
Partner  
M. No. 405987  
UDIN : **23405987BGWIJV6208**  
Place : Lucknow  
Date : 27 April 2023



# KHANNA THAKER & COMPANY

## Chartered Accountants

### Annexure '1' to the Independent Auditors' Report

As referred to in our Independent Auditors' Report of even date to the members of the **POWERGRID Unchahar Transmission Limited**, on the Ind AS financial statements for the year ended 31 March 2023, we report that:

- (i) a) (A) The Company has generally maintained records, showing full particulars including quantitative details and situation of Property, Plant & Equipment.
- (B) The Company has generally maintained records, showing full particulars of intangible assets.
- b) The Property, Plant & Equipment have been physically verified by the management during the year. In our opinion, frequency of verification is reasonable having regard to the size of the company and nature of its business. No material discrepancies were noticed on such verification.
- c) In our opinion and according to information and explanations given to us and on the basis of an examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except:

Description of the property**	Gross Carrying Amount (₹ in Lakh)	Held in the name of	Whether promoter, director or their relative or employee	Period held - indicate range, where appropriate	Reason for not being held in name of company* *also indicate if in dispute
---NIL---					

- d) In our opinion and according to the information and explanations given to us, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, the provision of clause 3(i)(d) of the Order are not applicable.
- e) In our opinion and according to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any Benami property under the "Benami Transactions (Prohibition) Act, 1988 and Rules made thereunder.
- (ii) (a) The inventories have been physically verified by the management during the year. In our opinion, frequency of verification, coverage & procedure adopted by the company for verification is reasonable having regard to the size of the company and nature of its business. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets.
- (iii) According to the information and explanations given to us, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or





# KHANNA THAKER & COMPANY

## Chartered Accountants

any other parties. Accordingly, provisions of paragraph 3(iii)(a) to paragraph 3(iii)(f) are not applicable to the company.

- (iv) In our opinion and according to information and explanation given to us, the company has complied with the provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public & no amounts has been deemed to be deposits in accordance with the provisions of the sections 73 to 76 or any other relevant provisions of the Act, and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the company.
- (vi) We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013, in respect of Transmission Operations of the Company and we are of the opinion that prima facie the prescribed records have been made and maintained. However, we have not made detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Goods and Services Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31 March 2023 for a period of more than six months from the date they became payable. As informed, provisions of the Employees State Insurance Act are not applicable to the Company.
- b) According to information and explanations given to us, there are no statutory dues referred to in sub- clause (a) have not been deposited on account of dispute. However, the following disputed demands of Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods & Service tax and other Statutory dues have not been deposited:

Name of the Statute	Nature of dues	Amount* (₹ in Lakh)	Period to which the amount relates	Forum where dispute is pending
---NIL---				

- (viii) In our opinion and according to the information and explanations given to us, the Company has not recorded in the books of account any transaction which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) In our opinion and according to the information and explanations given to us,
- (a) the Company has not defaulted during the year in repayment of loans & payment of Interest to its financial institutions, bankers and dues to the Bond holders.
- (b) the company has not been declared willful defaulter by any bank/financial institution/other lender.
- (c) term loans have been applied for the purpose for which the loans were obtained.
- (d) funds raised on short term basis have not been utilised for long term purpose.





## KHANNA THAKER & COMPANY

Chartered Accountants

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- (e) The Company do not have any Subsidiaries, Joint ventures or Associates. Accordingly, paragraph 3(ix)(e) and 3(ix)(f) are not applicable to the company.
- (x) (a) The company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.
- (b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) According to the information and explanations given to us and as represented by the management and based on our examination of the books and records of the Company, no case of fraud on the company or by the company has been noticed or reported during the year.
- (b) As no fraud has been noticed during the year as mentioned at xi(a) above, report under sub-Section (12) of Section 143 of the Companies Act in the Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 is not applicable.
- (c) According to the information and explanations given to us, no whistle-blower complaints has been received during the year by the Company.
- (xii) The company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, clause 3(xii)(a), 3(xii)(b) & 3(xii)(c) of the Order is not applicable to the company.
- (xiii) According to the information and explanations given to us and as represented by the management, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.
- (xiv) (a) According to the information and explanations given to us and based on our examination of the records of the company, the company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditors for the period under audit was not considered as the Company is not required to appoint the Internal Auditor as per provisions of the Companies Act 2013.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) is not applicable to the company.
- (xvi) (a) According to the information and explanations given to us, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraphs 3(xvi)(a) are not applicable to the company.
- (b) According to the information and explanations provided to us, the Company has not conducted any Non Banking Financial or Housing Finance activities therefore the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3(xvi)(b) of the Order are not applicable.







## KHANNA THAKER & COMPANY

Chartered Accountants

- (c) The Company is not a Core Investment Company (CIC) as dened in the regulations made by the Reserve Bank of India. Accordingly, provisions of clause 3(xvi)(c) of the Order are not applicable.
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, provisions of clause 3(xvi)(d) of the Order are not applicable.
- (xvii) According to the information and explanations given to us and based on our examination of the records of the company, the company has not incurred any cash losses in the current Financial Year and in the immediately preceding Financial Year.
- (xviii) There has not been any resignation of the statutory auditors during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the records of the company, in our opinion, no material uncertainty exists as on the date of the audit report and the 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.
- xx) According to the information and explanations given to us and based on our examination of the records, the Company has spent the amount required as per section 135(5) of the Companies Act during the financial year. Accordingly, paragraph 3(xx)(a) & 3(xx)(b) are not applicable to the company.
- xxi) The Company do not have any Subsidiaries, Joint ventures or Associates. Accordingly, paragraph 3(xxi) is not applicable to the company.

**For Khanna Thaker & Co.**  
**Chartered Accountants**  
FRN : 001265C

**CA Abhinav Khanna**  
Partner  
M. No. 405987  
UDIN: **23405987BGWJIV6208**  
Place: Lucknow  
Date : 27-04-2023





# KHANNA THAKER & COMPANY

## Chartered Accountants

### Annexure '2' to the Independent Auditors' Report

As referred to in our Independent Auditors' Report of even date to the members of the **POWERGRID Unchahar Transmission Limited ("the Company")**, on the Ind AS financial statements for the year ended 31 March 2023, we report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting with reference to Ind AS financial statements of the company as at March 31, 2023 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 Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to Ind AS financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, 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 Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting with reference to Ind AS financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 with reference to Ind AS financial statements 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 with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to Ind AS financial statements included obtaining an understanding of internal financial controls over financial reporting with reference to Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements.





# KHANNA THAKER & COMPANY

## Chartered Accountants

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting with reference to Ind AS financial statement 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 with reference to Ind AS financial statement 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 with reference to Ind AS financial statement, 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 with reference to Ind AS financial statement to future periods are subject to the risk that the internal financial control over financial reporting with reference to Ind AS financial statement 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, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting with reference to Ind AS financial statement and such internal financial controls over financial reporting with reference to Ind AS financial statement were operating effectively as at March 31, 2023, based on the internal financial 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).

**For Khanna Thaker & Co.**  
**Chartered Accountants**  
FRN : 001265C

CA Abhinav Khanna  
Partner  
M. No. 405987  
UDIN: **23405987BGWIJV6208**  
Place: Lucknow  
Date : 27-04-2023







# KHANNA THAKER & COMPANY

## Chartered Accountants

### Annexure '3' to the Independent Auditors' Report

As referred to in our Independent Auditors' Report of even date to the members of the **POWERGRID Unchahar Transmission Limited**, on the Ind AS financial statements for the year ended 31 March 2023, we report the statement on the directions issued by the Comptroller and Auditor General of India

We have verified various documents and other relevant records and also on the basis of information and explanations provided to us, by the management of POWERGRID Unchahar Transmission Limited to ascertain whether the company has complied with the section 143(5) of the Companies Act, 2013 and give our report against each specific direction as under.

Sl. No.	Directions u/s 143(5) of the Companies Act, 2013	Auditor's reply on action taken on the directions	Impact on financial statement
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company is having ERP system (SAP) in place for processing all accounting transactions. No accounting transaction is being recorded/processed otherwise than the ERP system in place.	NIL
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender company).	As explained to us, there are no cases 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.	NIL
3	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation	As per the information and explanation given to us, no funds has been received / receivable for specific schemes from Central/ State agencies.	NIL

For Khanna Thaker & Co.  
Chartered Accountants  
FRN: 001265C

CA Abhinav Khanna  
Partner  
M. No. 405987  
UDIN: **23405987BGWJIV6208**  
Place: Lucknow  
Date : 27-04-2023





**KHANNA THAKER & COMPANY**  
Chartered Accountants

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**Compliance Certificate**

We have conducted the audit of annual standalone accounts of POWERGRID UNCHAHAR TRANSMISSION LIMITED for the year ended 31st March 2023 in accordance with the Directions/ Sub Directions issued by C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Direction/ Sub-directions issued to us.

**For Khanna Thaker & Co.**  
**Chartered Accountants**  
FRN : 001265C

**CA Abhinav Khanna**  
Partner  
M. No. 405987  
UDIN: **23405987BGWIJV6208**  
Place: Lucknow  
Date : 27-04-2023



POWERGRID Unchahar Transmission Limited

CIN : U65100DL2012GOI246341

Balance Sheet As at 31 March, 2023

(₹ In Lakh)

Particulars	Note No	As at 31 March, 2023	As at 31 March, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant & equipment	4	5,414.04	5,591.20
(b) Intangible assets	5	6.34	6.56
(c) Financial assets			
(i) Trade receivables	6	42.19	-
(d) Other non-current assets	7	23.42	19.67
		<b>5,485.99</b>	<b>5,617.43</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Trade receivables	8	446.48	441.94
(ii) Cash and cash equivalents	9	203.26	149.45
(iii) Bank Balance other than (ii) above	10	337.86	290.12
(b) Other current assets	11	28.87	-
		<b>1,016.47</b>	<b>881.51</b>
<b>Total Assets</b>		<b>6,502.46</b>	<b>6,498.94</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	12	1,296.11	1,296.11
(b) Other Equity	13	1,560.58	1,205.62
		<b>2,856.69</b>	<b>2,501.73</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	3,209.36	3,334.36
(b) Deferred tax liabilities (net)	15	83.36	279.53
		<b>3,292.72</b>	<b>3,613.89</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	125.00	125.00
(ii) Trade payables	17		
(a) Total O/s dues of micro & small enterprises		-	-
(b) Total O/s dues of creditors other than micro & small enterprises		205.34	251.21
(b) Other current liabilities	18	22.71	7.11
(c) Current tax liabilities (net)	19	-	-
		<b>353.05</b>	<b>383.32</b>
<b>Total Equity and Liabilities</b>		<b>6,502.46</b>	<b>6,498.94</b>

The accompanying notes (1 to 45) form an integral part of financial statements

As per our report of even date  
For Khanna Thaker & Co.  
Chartered Accountants  
Firm Regn. No. 001265C

CA Abhinav Khanna  
Partner  
Mem. No. 405987  
Place : Lucknow  
Date : 27-04-2023



For and on behalf of Board Of Directors

*Abhay Choudhary*  
Abhay Choudhary  
Chairman  
DIN-07388432  
Place : Gurugram

*Purshottam Agarwal*  
Purshottam Agarwal  
Director  
DIN-08812158  
Place : Gurugram

*Sanjay Sharma*  
Sanjay Sharma  
CEO  
PAN : AENPS3382J  
Place : Gurugram

*Amit Garg*  
Amit Garg  
CFO  
PAN : ACSPG1833F  
Place : Gurugram

*Anjana Bhatra*  
Anjana Bhatra  
Company Secretary  
Mem. No. F5365  
Place : Gurugram



**POWERGRID Unchahar Transmission Limited**  
**CIN : U65100DL2012GOI246341**  
**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
Revenue From Operations	20	2,831.04	3,027.99
Other Income	21	44.43	25.12
<b>Total Income</b>		<b>2,875.47</b>	<b>3,053.11</b>
<b>EXPENSES</b>			
Employee benefits expense	22	-	471.10
Finance costs	23	277.96	290.44
Depreciation and amortization expense	24	177.38	177.39
Other expenses	25	861.39	270.57
<b>Total expenses</b>		<b>1,316.73</b>	<b>1,209.50</b>
<b>Profit/(loss) before tax</b>		<b>1,558.74</b>	<b>1,843.61</b>
Tax expense:			
Current tax		272.34	322.12
Deferred tax		(196.17)	(154.21)
		76.17	167.91
<b>Profit for the period</b>		<b>1,482.57</b>	<b>1,675.70</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the period</b>		<b>1,482.57</b>	<b>1,675.70</b>
Earnings per equity share ( Par value ₹10/- each):			
Basic and Diluted		11.44	12.93

The accompanying notes (1 to 45) form an integral part of financial statements


As per our report of even date  
For Khanna Thaker & Co.  
Chartered Accountants  
Firm Regn. No. 001265C


For and on behalf of Board Of Directors

CA Abhinav Khanna  
Partner  
Mem. No. 405987  
Place : Lucknow

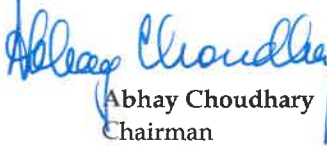
Date : 27-04-2023




  
**Sanjay Sharma**  
CEO  
PAN :AENPS3382J  
Place: Gurugram

  
**Amit Garg**  
CFO  
PAN :ACSPG1833F  
Place: Gurugram

  
**Anjana Luthra**  
Company Secretary  
Mem. No. F5365  
Place : Gurugram

  
**Abhay Choudhary**  
Chairman  
DIN-07388432  
Place : Gurugram

  
**Purshottam Agarwal**  
Director  
DIN-08812158  
Place : Gurugram



POWERGRID Unchahar Transmission Limited  
CIN : U65100DL2012GOI246341  
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
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit Before Tax	1,558.74	1,843.61
	<b>Adjustment for :</b>		
	Interest income from Bank	(24.14)	(4.50)
	Surcharge Income	(12.62)	(20.62)
	Depreciation & amortization expenses	177.38	177.39
	Finance Costs	277.96	290.44
		<b>418.58</b>	<b>442.71</b>
	<b>Operating profit before Changes in Assets and Liabilities</b>	<b>1,977.32</b>	<b>2,286.32</b>
	<b>Adjustment for Changes in Assets and Liabilities:</b>		
	(Increase)/Decrease in Trade Receivables	(48.60)	0.47
	(Increase)/Decrease in Other Current Assets	(28.87)	-
	(Increase)/Decrease in bank balances other than cash and cash equivalents	(47.74)	(290.12)
	Increase/(Decrease) in Trade payables	(45.87)	111.53
	Increase/(Decrease) in Other current financial liabilities	-	(0.50)
	Increase/(Decrease) in Other current liabilities	15.60	6.68
		<b>(155.48)</b>	<b>(171.94)</b>
	<b>Cash generated from operations</b>	<b>1,821.84</b>	<b>2,114.38</b>
	Direct Taxes (paid)/refund	(276.09)	(319.66)
	<b>Net Cash from Operating Activities</b>	<b>1,545.75</b>	<b>1,794.72</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	-Surcharge Received	14.49	15.57
	-Interest income from bank	24.14	4.50
	<b>Net Cash used in Investing Activities</b>	<b>38.63</b>	<b>20.07</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Repayment of Borrowings		
	Non Current	(125.00)	(147.11)
	Finance Costs paid	(277.96)	(290.44)
	Dividend paid	(1,127.61)	(1,334.99)
	<b>Net Cash used in Financing Activities</b>	<b>(1,530.57)</b>	<b>(1,772.54)</b>
<b>D</b>	<b>Net change in Cash and Cash equivalents (A+B+C)</b>	<b>53.81</b>	<b>42.25</b>
<b>E</b>	<b>Cash and Cash equivalents (Opening balance)</b>	<b>149.45</b>	<b>107.20</b>
<b>F</b>	<b>Cash and Cash equivalents (Closing balance) (Refer Note 9)</b>	<b>203.26</b>	<b>149.45</b>

The accompanying notes (1 to 45) form an integral part of financial statements

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

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

As per our report of even date

**For Khanna Thaker & Co.**

Chartered Accountants

Firm Regn. No. 001265C

CA Abhinav Khanna

Partner

Mem. No. 405987

Place : Lucknow

Date : 27-04-2023

**For and on behalf of Board Of Directors**

**Abhay Choudhary**

Chairman

DIN-07388432

Place : Gurugram

**Sanjay Sharma**

CEO

PAN : AENPS3382J

Place: Gurugram

**Amit Garg**

CFO

PAN : ACSPG1833F

Place: Gurugram

**Anjana Luthra**

Company Secretary

Mem. No. F5365

Place : Gurugram





POWERGRID Unchahar Transmission Limited

CIN : U65100DL2012GOI246341

Statement of Changes in Equity for the period ended 31st March 2023

A. Equity Share Capital (₹ In Lakh)

As at 01 April, 2022	1,296.11
Changes in equity share capital	-
As at 31 March, 2023	1,296.11
As at 01 April, 2021	1,296.11
Changes in equity share capital	-
As at 31 March, 2022	1,296.11

B. Other Equity (₹ In Lakh)

Particulars	Reserves and Surplus		Total
	Self Insurance Reserve	Retained Earnings	
As at 01 April, 2022	43.75	1,161.87	1,205.62
Total Comprehensive Income for the year	-	1,482.57	1,482.57
Transfer to Self Insurance Reserve	8.75	(8.75)	-
Final Dividend paid	-	-	-
Interim Dividend paid	-	(1,127.61)	(1,127.61)
As at 31 March, 2023	52.50	1,508.08	1,560.58

(₹ In Lakh)

Particulars	Reserves and Surplus		Total
	Self Insurance Reserve	Retained Earnings	
As at 01 April, 2021	35.00	829.91	864.91
Total Comprehensive Income for the year	-	1,675.70	1,675.70
Transfer to Self Insurance Reserve	8.75	(8.75)	-
Interim Dividend paid	-	(1,334.99)	(1,334.99)
As at 31 March, 2022	43.75	1,161.87	1,205.62

The accompanying notes (1 to 45) form an integral part of financial statements

Refer to Note No 13 for nature and movement of Reserve and Surplus.

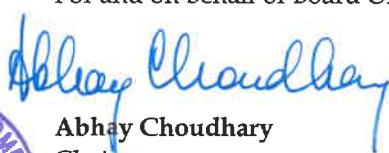
As per our report of even date

For Khanna Thaker & Co.

Chartered Accountants

Firm Regn. No. 001265C

For and on behalf of Board Of Directors

  
Abhay Choudhary  
Chairman

DIN-07388432

Place : Gurugram

  
Purshottam Agarwal  
Director

DIN-08812158

Place : Gurugram

CA Abhinav Khanna

Partner

Mem. No. 405987

Place : Lucknow

Date : 27-04-2023





Sanjay Sharma

CEO

PAN :AENPS3382J

Place: Gurugram



Amit Garg

CFO

PAN :ACSPG1833F

Place: Gurugram



Anjana Luthra

Company Secretary

Mem. No. F5365

Place : Gurugram



## Notes to Financial Statements

### 1. Corporate and General Information

POWERGRID Unchahar 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 by the Board of Directors on 27 April, 2023.

### 2. Significant Accounting Policies

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

#### 2.1 Basis of Preparation

##### i) Compliance with Ind AS

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

##### ii) Basis of Measurement

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

##### iii) Functional and presentation currency

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

##### iv) Use of estimates



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

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 recognises 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 Operating Segments

The Board of Directors is the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108 'Operating Segments'. CODM monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segments have been identified on the basis of the nature of products / services.

-Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment transactions.

- Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

- Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

- Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

- Segment capital expenditure is the total cost incurred during the period to acquire Property, Plant and Equipment, and intangible assets.

## 2.20 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.

## 2.21 Statement of Cash Flows

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



### 3 Critical Estimates and Judgments

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

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

**The areas involving critical estimates or judgments are:**

#### Useful life of property, plant and equipment

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

The Company reviews at the end of each reporting date the useful life of plant and equipment and 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.

#### Estimation of uncertainties relating to the global health pandemic from COVID-19:

In assessing the recoverability of trade receivables and Contract Assets, the company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. As the company's revenue is based on tariff orders issued by Electricity Regulatory Commission and falls under essential services and based on the current indicators of future economic conditions, the company expects to recover the carrying amount of these assets.

#### 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 Property, Plant and Equipment

(₹ In Lakh)

Particulars	Cost					Accumulated depreciation					Net Book Value	
	As at 01 April, 2022	Additions during the year	Disposal	Adjustment during the year	As at 31 March, 2023	As at 01 April, 2022	Additions during the year	Disposal	Adjustment during the year	As at 31 March, 2023	As at 31 March, 2023	As at 31 March, 2022
Plant & Equipment												
a) Transmission	7,292.70	-			7,292.70	1,701.50	177.16			1,878.66	5,414.04	5,591.20
<b>Grand Total</b>	<b>7,292.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,292.70</b>	<b>1,701.50</b>	<b>177.16</b>	<b>-</b>	<b>-</b>	<b>1,878.66</b>	<b>5,414.04</b>	<b>5,591.20</b>

(₹ In Lakh)

Particulars	Cost					Accumulated depreciation					Net Book Value	
	As at 01 April, 2021	Additions during the year	Disposal	Adjustment during the year	As at 31 March, 2022	As at 01 April, 2021	Additions during the year	Disposal	Adjustment during the year	As at 31 March, 2022	As at 31 March, 2022	As at 31 March, 2021
Plant & Equipment												
a) Transmission	7,292.70	-			7,292.70	1,524.33	177.17			1,701.50	5,591.20	5,768.37
<b>Grand Total</b>	<b>7,292.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,292.70</b>	<b>1,524.33</b>	<b>177.17</b>	<b>-</b>	<b>-</b>	<b>1,701.50</b>	<b>5,591.20</b>	<b>5,768.37</b>



Note 5 Intangible assets

(₹ In Lakh)

Particulars	Cost					Accumulated Amortisation					Net Book Value	
	As at 01 April, 2022	Additions during the year	Disposal	Adjustment during the year	As at 31 March, 2023	As at 01 April, 2022	Additions during the year	Disposal	Adjustment during the year	As at 31 March, 2023	As at 31 March, 2023	As at 31 March, 2022
Right of Way-Afforestation Expenses	8.59	-	-	-	8.59	2.03	0.22	-	-	2.25	6.34	6.56
<b>Total</b>	<b>8.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.59</b>	<b>2.03</b>	<b>0.22</b>	<b>-</b>	<b>-</b>	<b>2.25</b>	<b>6.34</b>	<b>6.56</b>

(₹ In Lakh)

Particulars	Cost					Accumulated Amortisation					Net Book Value	
	As at 01 April, 2021	Additions during the year	Disposal	Adjustment during the year	As at 31 March, 2022	As at 01 April, 2021	Additions during the year	Disposal	Adjustment during the year	As at 31 March, 2022	As at 31 March, 2022	As at 31 March, 2021
Right of Way-Afforestation Expenses	8.59	-	-	-	8.59	1.81	0.22	-	-	2.03	6.56	6.78
<b>Total</b>	<b>8.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.59</b>	<b>1.81</b>	<b>0.22</b>	<b>-</b>	<b>-</b>	<b>2.03</b>	<b>6.56</b>	<b>6.78</b>





**Note 6 Trade receivables**

(₹ In Lakh)

Particulars	As at 31	As at 31
	March, 2023	March, 2022
<b>Trade receivables</b>		
Unsecured Considered good	42.19	0.00
Credit Impaired	0.00	0.00
	<u>42.19</u>	<u>0.00</u>
Less: Loss Allowance	0.00	0.00
<b>TOTAL</b>	<b>42.19</b>	<b>0.00</b>

**Further Notes:**

- 1 Refer Note no. 31 for Disclosure as per Ind AS 115 - "Revenue from Contracts with Customer" & Note no. 36 for details of trade receivables from related parties.
- 2 Electricity (late Payment Surcharge and Related Matters) Rules, 2022 as notified by Ministry of Power on 03 June 2022, provides that at the option of the Distribution licensees, the outstanding dues including the Late Payment Surcharge (LPSC) upto the date of said notification shall be rescheduled upto a maximum period of 48 months in the manner prescribed in the said rules and no further LPSC shall be charged on those dues. Pursuant to the above, some of the distribution licensees have opted for rescheduling of their dues with Central Transmission Utility.  
The company's portion of dues have been presented at their fair value under Trade Receivables (Non-current / Current) considering the requirements of applicable Indian Accounting Standards. Consequently, the fair value difference amounting to ₹ 15.25 lakhs (Previous Year : Nil) has been charged as Other Expense (Refer Note no. 25) and unwinding thereon amounting to ₹ 7.67 lakhs (Previous Year : Nil) has been accounted for as Other Income (Refer Note no. 21)

**3 Ageing of Trade Receivables is as follows:**

(₹ in lakhs)

Particulars		Unbilled	Not Due	0-6M	6M-1Y	1Y-2Y	2Y-3Y	>3Y	Total
<b>As at 31.03.2023</b>									
Considered - Good	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	42.19	-	-	-	-	-	42.19
Significant increase in Credit Risk	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	-	-	-	-	-	-	-
Credit Impaired	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	-	-	-	-	-	-	-
<b>As at 31.03.2022</b>									
Considered - Good	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	-	-	-	-	-	-	-
Significant increase in Credit Risk	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	-	-	-	-	-	-	-
Credit Impaired	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	-	-	-	-	-	-	-



**Note 7 Other non-current Assets**

(Unsecured considered good unless otherwise stated)		(₹ In Lakh)	
Particulars	As at 31 March, 2023	As at 31 March, 2022	
<b>Advances recoverable in kind or for value to be received</b>			
Balance with Customs Port Trust and other authorities	0.90	0.90	
Advance tax and Tax deducted at source	616.99	531.93	
Less: Provision for taxation - note no. 19	594.47	513.16	
	<u>22.52</u>	<u>18.77</u>	
<b>TOTAL</b>	<b>23.42</b>	<b>19.67</b>	





**Note 8 Trade receivables**

(₹ In Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
<b>Trade receivables</b>		
Unsecured Considered good	446.48	441.94
Credit Impaired	4.55	4.20
	451.03	446.14
Less: Loss Allowance	4.55	4.20
<b>TOTAL</b>	446.48	441.94

**Further Notes:**

- 1 Refer note no. 31 for disclosure as per Ind AS 115 'Revenue from Contracts with Customers' & note no. 36. for details of trade receivables from related parties.
- 2 Trade Receivables includes Unbilled receivables representing transmission charges for the month of March 2023 including arrear bills for previous quarters, incentive and surcharge amounting to ₹234.26 Lakhs respectively (Previous year ₹200.89 lakhs) billed to beneficiaries in the subsequent month i.e. April 2023.
- 3 **Ageing of Trade Receivables is as follows:**

(₹ in lakhs)

Particulars		Unbilled	Not Due	0-6M	6M-1Y	1Y-2Y	2Y-3Y	>3Y	Total
<b>As at 31.03.2023</b>									
Considered – Good	Disputed	-	-	-	-	-	-	-	-
	Undisputed	234.26	68.82	19.03	41.46	79.27	3.64	-	446.48
Significant increase in Credit Risk	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	-	-	-	-	-	-	-
Credit Impaired	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	-	-	-	0.34	0.01	4.2	4.55
<b>As at 31.03.2022</b>									
Considered – Good	Disputed	-	-	-	-	-	-	-	-
	Undisputed	200.89	-	158.98	51.67	30.26	0.14	-	441.94
Significant increase in Credit Risk	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	-	-	-	-	-	-	-
Credit Impaired	Disputed	-	-	-	-	-	-	-	-
	Undisputed	-	-	-	-	-	-	4.2	4.2



**Note 9 Cash and Cash equivalent**

(₹ In Lakh)

Particulars	As at 31 March, As at 31 March,	
	2023	2022
Balance with banks		
-In Current accounts	43.87	149.45
-In term deposits (with maturity of 3 months or less)	159.39	-
<b>Total</b>	<b>203.26</b>	<b>149.45</b>

**Note 10 Bank Balances Other Than Cash and Cash Equivalents**

(₹ In Lakh)

Particulars	As at 31 March, As at 31 March,	
	2023	2022
In Term Deposits having maturity over 3 months but upto 12 months	337.86	290.12
<b>Total</b>	<b>337.86</b>	<b>290.12</b>

**Note 11 Other current Assets**

(Unsecured considered good unless otherwise stated)

(₹ In Lakh)

Particulars	As at 31 March, As at 31 March,	
	2023	2022
Others#		
Considered Good	28.87	-
<b>Sub-total</b>	<b>28.87</b>	<b>-</b>
<b>Total</b>	<b>28.87</b>	<b>-</b>

#Others includes Input GST Credit of 28.87 Lakhs (Previous Year - Nil).



Note 12 Equity Share capital

(₹ In Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
<b>Equity Share Capital</b>		
<b>Authorised</b>		
14000000 (Previous Year 14000000) equity shares of Rs.10/- each at par	1,400.00	1,400.00
<b>Issued, subscribed and paid up</b>		
12961067 (Previous Year 12961067) equity shares of Rs.10/- each at par fully paid up	1,296.11	1,296.11
<b>Total</b>	<b>1,296.11</b>	<b>1,296.11</b>

**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	1,29,61,067	1,296.11	1,29,61,067	1,296.11
Shares Issued during the year	-	-	-	-
Shares bought back during the year				
Shares outstanding at the end of the year	<b>1,29,61,067</b>	<b>1296.11</b>	<b>1,29,61,067</b>	<b>1296.11</b>

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 Promoters 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)#	1,29,61,067	100%	1,29,61,067	100%	-

#Out of 12961067 Equity shares (Previous year 12961067 Equity shares), 6 equity shares (Previous year 6 Equity Shares) are held by nominees of M/s Power Grid Corporation Of India Limited on its behalf .



Note 13 Other Equity

(₹ In Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
<b>(i) Retained Earnings</b>		
Balance at the beginning of the year	1,161.87	829.91
Add: Additions		
Net Profit for the period	1,482.57	1,675.70
Less: Appropriations		
Self Insurance Reserve	(8.75)	(8.75)
Interim dividend paid	(1,127.61)	(1,334.99)
<b>Balance at the end of the year</b>	<b>1,508.08</b>	<b>1,161.87</b>
<b>(ii) Self-Insurance Reserve</b>		
Balance at the beginning of the year	43.75	35.00
Addition during the year	8.75	8.75
Deduction during the year	-	-
<b>Balance at the end of the year</b>	<b>52.50</b>	<b>43.75</b>
<b>Total</b>	<b>1,560.58</b>	<b>1,205.62</b>

**Further notes:**

Self-insurance reserve is created @ 0.12% p.a. on Original Gross Block of Property, Plant and Equipment and value of inventory (including lease receivables) 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.



**Note 14 Borrowings (Non-current)** (₹ In Lakh)

<b>Particulars</b>	<b>As at 31 March, 2023</b>	<b>As at 31 March, 2022</b>
Loan from Power Grid Corporation of India Limited (Holding Co.)	3,334.36	3,459.36
Less: Current maturities of Non Current Borrowing	125.00	125.00
<b>Total</b>	<b>3,209.36</b>	<b>3,334.36</b>

**Further Note -**

- 1 The various sources of Loans being extended to the company by Holding Company are Fixed Interest and floating interest rate which get reset periodically. The present rate of interest on the loan is 8.1898% p.a. Loan is repayable in next 27 years with annual repayment of Rs. 125 Lakhs with prepayment facility without any additional charges.
- 2 There has been no default in repayment of loans or payment of interest thereon as at the end of the year
- 3 Refer Note no. 36. for details of Loan from related parties.



**Note 15 Deferred tax liabilities (Net)**

(₹ In Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
<b>Deferred Tax Liability</b>		
Difference in book Depreciation and Tax Depreciation	973.07	934.82
<b>Sub-total (A)</b>	<b>973.07</b>	<b>934.82</b>
<b>Deferred Tax Assets</b>		
MAT Credit	889.71	655.29
<b>Sub-total (B)</b>	<b>889.71</b>	<b>655.29</b>
<b>Deferred tax liabilities (Net)(A-B)</b>	<b>83.36</b>	<b>279.53</b>

**Movement in Deferred Tax Liabilities**

(₹ in Lakh)

Particulars	Depreciation Difference in Property Plant and Equipment	Total
As at 01 April, 2021	879.18	879.18
-Charged/ (Credited) to Profit or Loss	55.64	55.64
As at 31 March, 2022	934.82	934.82
-Charged/ (Credited) to Profit or Loss	38.25	38.25
As at 31 March, 2023	973.07	973.07

**Movement in Deferred Tax Assets**

(₹ in Lakh)

Particulars	MAT Credit	Unused Tax Losses	Total
As at 1st April 2021	444.22	1.22	445.44
-Charged/ (Credited) to Profit or Loss	(211.07)	1.22	(209.85)
As at 31 March, 2022	655.29	-	655.29
-Charged/ (Credited) to Profit or Loss	(234.42)	-	(234.42)
As at 31 March, 2023	889.71	-	889.71

**Amount taken to Statement of Profit and Loss**

(₹ in Lakh)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Increase/ (Decrease) in Deferred Tax Liabilities	38.25	55.64
(Increase)/Decrease in Deferred Tax Assets	(234.42)	(209.85)
<b>Net Amount taken to Statement of Profit and Loss</b>	<b>(196.17)</b>	<b>(154.21)</b>



**Note 16 Borrowings (Current)** (₹ In Lakh)

<b>Particulars</b>	<b>As at 31 March, 2023</b>	<b>As at 31 March, 2022</b>
<b>Current maturities of long term borrowings</b>		
<b>Rupee Term Loans (Unsecured)</b>		
Loan From M/s Power Grid Corporation of India Ltd. (Holding Co.)	125.00	125.00
<b>Total</b>	<b>125.00</b>	<b>125.00</b>

**Further Note -**

- 1 There has been no default in repayment of loans or payment of interest thereon as at the end of the year
- 2 Refer Note no. 36 for details of Loan from related parties.





Note 17 Trade payables

(₹ In Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
<b>For goods and services</b>		
Total outstanding dues of Micro enterprises and small enterprises	-	-
Others	1.27	0.81
Related Party	204.07	250.40
<b>Total</b>	<b>205.34</b>	<b>251.21</b>

**Further Note -**

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 32.

2 Ageing of Trade Payables is as follows:

(₹ In Lakh)

Particulars	Not Billed	<1Y	1Y-2Y	2Y-3Y	>3Y	Total
<b>As at 31.03.2023</b>						
<b>MSME</b>						
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Others</b>						
Disputed	-	-	-	-	-	-
Undisputed	-	205.34	-	-	-	205.34
<b>Total</b>	<b>-</b>	<b>205.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205.34</b>
<b>As at 31.03.2022</b>						
<b>MSME</b>						
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Others</b>						
Disputed	-	-	-	-	-	-
Undisputed	-	251.21	-	-	-	251.21
<b>Total</b>	<b>-</b>	<b>251.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>251.21</b>



**Note 18 Other current liabilities** (₹ In Lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Statutory dues	22.71	7.11
<b>Total</b>	<b>22.71</b>	<b>7.11</b>

Note: Statutory dues consist of TDS & IGST payable of Rs. 22.40 Lakhs (Previous Year : Rs. 6.64 Lakhs) & Rs. 0.31 Lakhs (Previous Year : Rs. 0.47 Lakhs) respectively

**Note 19 Current Tax Liabilities (Net)** (₹ In Lakh)

Description	As at 31 March, 2023	As at 31 March, 2022
<b>Taxation (Including interest on tax )</b>		
As per last balance sheet	513.16	428.77
Additions during the year	272.34	322.12
Amount adjusted during the year	(191.03)	(237.73)
<b>Total</b>	<b>594.47</b>	<b>513.16</b>
Net off against taxes paid (Note no. 7)	(594.47)	(513.16)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>



**Note 20 Revenue from operations**

(₹ In Lakh)

Particulars	For the Year	
	For the year ended 31 march 2023	ended 31 March, 2022
<b>Operating Revenue</b>		
Transmission Charges	2,042.22	2,082.47
Consultancy Project Management and Supervision	788.82	945.52
	<u>2,831.04</u>	<u>3,027.99</u>
<b>Total</b>	<b>2,831.04</b>	<b>3,027.99</b>

**Further Notes:**

Refer Note no. 27 - Segment Information and Note no. 31 Disclosure as per Ind AS 115 - "Revenue from Contracts with Customer"

**Note 21 Other income**

(₹ In Lakh)

Particulars	For the Year	
	For the Year ended 31 March, 2023	ended 31 March, 2022
<b>Interest income from</b>		
Indian Banks	24.14	4.50
	<u>24.14</u>	<u>4.50</u>
Unwinding of discount on financial assets	7.67	
<b>Others</b>		
Surcharge	12.62	20.62
<b>TOTAL</b>	<b>44.43</b>	<b>25.12</b>



**Note 22 Employee benefits expense** (₹ In Lakh)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Salaries wages allowances & benefits	0.00	394.94
Contribution to provident and other funds	0.00	49.81
Staff Welfare expenses(Including Deferred Employee cost)	0.00	26.35
<b>TOTAL</b>	<b>0.00</b>	<b>471.10</b>

**Further Notes:**

- 1 Refer Note no. 36 for Remuneration to Key Managerial Personnel (KMPs).
- 2 Refer Note no. 42 for Employee Benefits

**Note 23 Finance costs** (₹ In Lakh)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Power Grid Corporation of India Limited (Holding Co.)	277.96	290.38
Other Finance charges	-	0.06
<b>TOTAL</b>	<b>277.96</b>	<b>290.44</b>

**Further Notes:**

- 1 Refer Note no. 36 for Interest paid to related parties.

**Note 24 Depreciation and amortization expense** (₹ In Lakh)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Depreciation of Property,Plant and Equipment	177.16	177.17
Amortisation of Intangible assets	0.22	0.22
<b>Charged To Statement of Profit &amp; Loss</b>	<b>177.38</b>	<b>177.39</b>



Note 25 Other expenses

(₹ In Lakh)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
<b>Plant &amp; Machinery</b>		
Transmission lines	161.13	156.09
System and Market Operation Charges	5.03	5.58
Training & Recruitment Expenses	-	0.12
Professional charges(Including TA/DA)	0.83	1.07
Communication expenses	-	1.04
Travelling & Conv.exp.(excluding foreign travel)	1.96	11.55
<b>Payments to Statutory Auditors</b>		
Audit Fees	0.59	0.59
Tax Audit Fees	0.24	0.18
In Other Capacity	0.39	0.35
Books Periodicals and Journals	0.03	0.03
EDP hire and other charges	-	0.25
Rent	34.99	34.71
CERC petition & Other charges	5.00	5.00
Miscellaneous expenses	0.09	0.01
Meeting Expenses	-	15.07
Directors Sitting Fees	15.10	12.74
Manpower Cost	591.76	-
Expenditure on Corporate Social Responsibility (CSR) & Sustainable development	28.65	26.19
Fair valuation loss on financial assets	15.25	
<b>Provisions</b>		
Doubtful loans, advances, debts, claims etc.	0.35	
<b>Total</b>	<b>861.39</b>	<b>270.57</b>



## Note 26 Financial Risk Management

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

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

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

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

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

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

### (A) Credit Risk:

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

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

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



(i) Trade Receivables

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments and the main revenue is from transmission charges. CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 ("CERC Sharing Regulations") allow payment against monthly bills towards transmission charges within due date i.e., 45 days from the date of presentation of the bill and levy of surcharge on delayed payment beyond 45 days. However, in order to improve the cash flows of company, a graded rebate is provided for payments made within 45 days. If a DIC fails to pay any bill or part thereof by the Due Date, the Central Transmission Utility (CTU) may encash the Letter of Credit provided by the DIC and utilise the same towards the amount of the bill or part thereof that is overdue plus Late Payment Surcharge, if applicable.

Trade receivables consist of receivables relating to transmission services of ₹ 493.22 Lakh (before loss allowance) as on 31 March, 2023 (₹ 446.14 Lakh (before loss allowance) as on 31 March, 2022).

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

· Cash and cash equivalents

The Company held cash and cash equivalents of ₹203.26 Lakh (Previous Year ₹149.45 Lakh). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

· Deposits with banks and financial institutions

The Company held deposits with banks and financial institutions of ₹337.86 Lakh (Previous Year ₹290.12 Lakh). Term deposits are placed with public sector banks and have negligible credit risk.

(iii) Exposure to credit risk

Particulars	(₹ In Lakh)	
	As at 31 March, 2023	As at 31 March, 2022
<b>Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)</b>		
Cash and cash equivalents	203.26	149.45
Deposits with banks and financial institutions	337.86	290.12
<b>Total</b>	<b>541.12</b>	<b>439.57</b>
<b>Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)</b>		
Trade receivables	493.22	446.14
<b>Total</b>	<b>493.22</b>	<b>446.14</b>





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

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

The Company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. At initial recognition, financial assets (excluding trade receivables and 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) Financial assets for which loss allowance is measured using life time expected credit losses**

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

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

**(v) Ageing analysis of trade receivables**

The ageing analysis of the trade receivables is as below:

(₹ in lakh)

Ageing	Unbilled	Not due	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	More than 120 days past due	Total
Gross carrying amount as on 31.03.2023	234.26	111.01	36.76	3.6	0.25	0.03	107.31	493.22
Gross carrying amount as on 31.03.2022	200.89	-	93.67	25.63	17.2	3.13	105.62	446.14



**(vi) Reconciliation of impairment loss provisions**

The movement in the allowance for impairment in respect of financial assets during the year was as follows:

(₹ in lakh)

Particulars	Trade receivables
Balance as at 01.04.2021	4.20
Impairment loss recognised/ (reversed)	-
Amounts written off	-
Balance as at 31.03.2022	4.20
Impairment loss recognised/ (reversed)	0.35
Amounts written off	-
Balance as at 31.03.2023	4.55

Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of any other assets as the amounts are insignificant.

**(B) Liquidity Risk**

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

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

**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
<b>As at 31.03.2023</b>				
Borrowings (including interest outflows)	392.96	1,469.46	5,115.23	6,977.65
Trade payables	205.34			205.34
<b>Total</b>	<b>598.30</b>	<b>1,469.46</b>	<b>5,115.23</b>	<b>7182.99</b>
<b>As at 31.03.2022</b>				
Borrowings (including interest outflows)	407.50	1,527.90	5,575.35	7,510.75
Trade payables	251.21			251.21
<b>Total</b>	<b>658.71</b>	<b>1,527.90</b>	<b>5,575.35</b>	<b>7,761.96</b>

**(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 is denominated in foreign currency.

**(ii) Interest rate risk**

The company has taken borrowings from Parent Company on cost to cost basis. The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The various sources of loans being extended to the company by parent company are Fixed interest and floating interest rate which get reset periodically. The Company manages the interest rate risks by maintaining a debt portfolio of fixed and floating rate borrowings. The Company's interest rate risk is not considered significant; hence sensitivity analysis for the risk is not disclosed.



**Note 27 Segment Information**

a) Business Segment

The Board of Directors is the Company's Chief Operating Decision Maker (CODM) who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

- Transmission Services- Company's principal business is transmission of bulk power across different states of India.
- Consultancy Services- provides Investment Management Services to POWERGRID Infrastructure Investment Trust.

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

c) Information about major customer: Revenue from any single customer is not equal to or exceeds 10% of the company's total revenue for transmission service. Entire revenue for consultancy services is received from a single entity i.e. POWERGRID Infrastructure Investment Trust.

d) Segment Revenue and Expenses

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as segment expenses. Revenue from external customer in india is ₹ 2,851.33 lakhs (Previous Year ₹ 3,048.61 lakhs) and outside india is ₹ NIL (Previous Year ₹ NIL).

e) Segment Assets and Liabilities

Segment assets include all operating assets comprising of Property, Plant and Equipment, current assets and loan and advances. Accrued interest on short term deposits is included in unallocated assets. Segment facilities include operating liabilities and provisions.

(₹ In Lakh)

Particulars	Transmission Services		Consultancy Services		Elimination		Total	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
<b>Revenue:</b>								
Revenue from Operations (including allocable other income)	2,062.51	2,103.09	788.82	945.52	-	-	2,851.33	3,048.61
Inter Segment Revenue	-	-	-	-	-	-	-	-
Net Revenue from Operations	2,062.51	2,103.09	788.82	945.52	-	-	2,851.33	3,048.61
Segment results	1,388.65	1,439.97	145.95	399.14	-	-	1,534.60	1,839.11
Exceptional Item-Transmission	-	-	-	-	-	-	-	-
Unallocated Interest and Other Income	-	-	-	-	-	-	24.14	4.50
Unallocated Finance Costs	-	-	-	-	-	-	-	-
Profit before Tax (Including movement in Regulatory Deferral Account Balances)	-	-	-	-	-	-	1,558.74	1,843.61
Provision for Taxes	-	-	-	-	-	-	76.17	167.91
Profit after Tax	-	-	-	-	-	-	1,482.57	1,675.70



Particulars	Transmission Services		Consultancy Services		Elimination		Total	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
<b>Other information:</b>							-	-
Segment Assets	5,926.15	6,059.38	576.31	437.45	-	-	6,502.46	6,496.83
Unallocated Assets	-	-	-	-	-	-	-	2.11
Asset Classified as Held for Sale	-	-	-	-	-	-	-	-
Total Assets	-	-	-	-	-	-	6,502.46	6,498.94
Segment Liabilities	3,381.90	3,505.08	180.51	212.60	-	-	3,562.41	3,717.68
Unallocated Liabilities (including Other (including loans))	-	-	-	-	-	-	83.36	279.53
Total liabilities	-	-	-	-	-	-	3,645.77	3,997.21
Depreciation and Amortisation	177.38	177.39	-	-	-	-	177.38	177.39
Non-cash expenditure other than Depreciation	-	-	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-	-	-



**Note 28 Additional Regulatory Information as per Schedule III to the Companies Act, 2013**

- a) There are no cases of immovable properties where title deeds are not in the name of the company.
- b) The company does not have any Capital Work in Progress as at 31st March 2023 and 31st March 2022.
- c) The company does not have any Intangible assets under development as at 31st March 2023 and 31st March 2022.
- d) No proceeding has been initiated or pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder as at the end of the financial year.
- e) The Company is not sanctioned any working capital limit secured against current assets by any Finance Institutions.
- f) The company was not declared as a wilful defaulter by any bank or financial Institution or other lender during the financial year.
- g) The Company does not have any transactions, balances or relationship with Struck off companies.
- h) The company does not have any subsidiary to comply 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	2.88	2.30	25%	Due to retention of cash and cash equivalents.
(b) Debt-Equity Ratio	Total Debt	Shareholder's Equity	1.17	1.38	-16%	
(c) Debt Service Coverage Ratio	Profit for the period + Depreciation and amortization expense + Finance costs	Interest & Lease Payments + Principal Repayments	6.97	4.89	43%	
(d) Return on Equity Ratio	Profit for the period	Average Shareholder's Equity	0.55	0.72	-23%	
(e) Inventory turnover ratio	Revenue from Operations	Average Inventory	-	-	-	
(f) Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivables (before deducting provision)	6.08	6.89	-12%	
(g) Trade payables turnover ratio	Gross Other Expense (-) FERV, Provisions, Loss on disposal of PPE	Average Trade payables	3.71	1.38	168%	Due to booking of Manpower Cost in other expenses
(h) Net capital turnover ratio	Revenue from Operations	Current Assets - Current Liabilities	4.27	6.08	-30%	Due to arrear booking of IM Fee in FY 2021-22
(i) Net profit ratio	Profit for the period	Revenue from Operations	0.52	0.55	-5%	



(j) Return on Capital employed	Earnings before interest and taxes	Tangible Net Worth + Total Debt + Deferred Tax Liability	0.29	0.34	-14%	
(k) Return on investment	$\frac{MV(T1) - MV(T0) - \text{Sum}[C(t)]}{C(t)}$	$\frac{MV(T0) + \text{Sum}[W(t) * C(t)]}{C(t)}$	N.A.	N.A.		

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

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

**Note 30** Central Transmission Utility of India Limited (CTUIL) (Fellow Subsidiary Company) was notified as CTU w.e.f. 01.04.2021 by GOI vide Notification No. CG-DL-E-09032021-225743 and is entrusted with the job of centralized Billing, Collection and Disbursement (BCD) of transmission charges on behalf of all the IST licensees. Accordingly, CTUIL is raising bills for transmission charges to DICs on behalf of IST licensees. The debtors and their recovery are accounted based on the list of DICs given by CTUIL.

**Note 31 Disclosure as per Ind AS 115 - "Revenue from Contracts with Customer"**

- a) The company does not have any contract assets or contract liability as at 31st March 2023 and 31st March 2022.
- b) The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of Contracted Price vis-a-vis revenue recognized in profit or loss statement is as follows:

Particulars	(₹ In Lakh)	
	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Contracted price	2,765.02	2,972.72
Add/ (Less)- Discounts/ rebates provided to customer	(8.58)	(8.97)
Add/ (Less)- Performance bonus	74.60	64.24
Add/ (Less)- Adjustment for significant financing	-	-
Add/ (Less)- Other adjustments	-	-
Revenue recognised in profit or loss statement	2,831.04	3,027.99

**Note 32** Based on information available with the company, there are few 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). Information in respect of micro and small enterprises as required by Companies Act 2013 and MSMED Act, 2006 is given as under:

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
	Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year:				
	Principal	Nil	Nil	Nil	Nil
1	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 33 Disclosure as per Ind AS 116 - "Leases"****a) As a Lessor - Finance Leases:**

The company does not have any lease arrangements as a lessor

**b) As a Lessee:**

The company only has Short Term Lease for office space admeasuring approx. 800 square feet and information technology system including hardware and software with firewalls and security features and telecommunication systems from its Holding Company Power Grid Corporation of India Ltd. which has been assessed and accounted as per the requirements of Ind AS 116 - "Leases" and required disclosures as per the said Ind AS are as follows:

Short term leases:

The company, during the financial year, has incurred ₹34.99 lakh (Previous Year ₹34.71 lakh) with respect to short term leases.

The company was committed to short term leases and the total commitment of such leases at the end of financial year was ₹ 8.86 Lakh (Previous Year ₹ 8.56 Lakh).

**Note 34 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.

The details of CSR expenses for the year are as under: -

(₹ in lakh)			
S. No.	PARTICULARS	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
A	Amount required to be spent during the year	28.65	26.19
B	Amount approved by the Board to be spent during the year	28.65	26.19
C	Amount spent on CSR -		
(i)	Construction or acquisition of any asset	-	-
(ii)	on Purpose other than (i) above	28.65	26.19
D	Total Shortfall/ (Excess) amount	-	-
E	Break-up of the amount spent on CSR		
1	Education and Skill Development expenses	-	-
2	Ecology and Environment Expenses	-	-
3	Health and Sanitation expenses	28.65	26.19
4	Sports, Art and Culture expenses	-	-
5	Protection of national heritage, art and culture including restoration of building and sites of historical importance	-	-
6	Other CSR activities	-	-
	<b>Total Amount spent on CSR</b>	<b>28.65</b>	<b>26.19</b>
	Amount spent in Cash out of above	28.65	26.19
	Amount yet to be spent in Cash	-	-

**Note 35 Fair Value Measurement**

(₹ in lakh)		
Financial Instruments by category	As at 31 March, 2023	As at 31 March, 2022
	Amortised cost	Amortised cost
<b>Financial Assets</b>		
Trade Receivables	488.67	441.94
Cash & cash Equivalents	203.26	149.45
Bank Balance	337.86	290.12
<b>Total Financial assets</b>	<b>1,029.79</b>	<b>881.51</b>
<b>Financial Liabilities</b>		
Borrowings	3,334.36	3,459.36
Trade Payables	205.34	251.21
<b>Total financial liabilities</b>	<b>3,539.70</b>	<b>3,710.57</b>



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. An explanation of each level follows underneath the table.

**Financial instruments that are measured at Amortised Cost:**

(₹ in lakh)

Particulars	Level	As at 31 March, 2023		As at 31 March, 2022	
		Carrying Amount	Fair value	Carrying Amount	Fair value
<b>Financial Assets</b>					
<b>Total Financial Assets</b>		-	-	-	-
<b>Financial Liabilities</b>					
Borrowings	2	3,334.36	3448.53	3,459.36	3,781.87
<b>Total financial liabilities</b>		<b>3,334.36</b>	<b>3,448.53</b>	<b>3,459.36</b>	<b>3,781.87</b>

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

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

**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 36 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 Vemagiri Transmission Limited	India
POWERGRID NM 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 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 Ispat Nigam Limited (RINL). RINL's Board of Directors in its meeting held on 08.03.2019 has agreed in principle for winding up proceedings of RPTPL & to seek the approval from Ministry of Steel(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) **Related Party as per Regulation 2(1)(zv) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014**

Name of entity	Place of business/ Country of incorporation
POWERGRID Infrastructure Investment Trust ("PGInvIT")	India

(e) **Key Managerial Personnel**

Name	Designation
Shri Abhay Choudhary	Non-Executive Director & Chairperson [ Appointed as Director & Chairperson w.e.f. 01.06.2022]
Smt Seema Gupta	Non-Executive Director & Chairperson [ ceased to be Director & Chairperson on 31.05.2022]
Shri Purshottam Agarwal	Chief Executive Officer [ ceased to be CEO w.e.f. 02.03.2023]
Shri Ashok Kumar Singhal	Non-Executive Director & Chairperson [ ceased to be Director & Chairperson on 31.03.2023]
Shri Onkarappa KN	Additional Director (Independent Director)
Shri Ram Naresh Tiwari	Additional Director (Independent Director)
Shri Sanjay Sharma	Chief Executive Officer [ appointed w.e.f. 02.03.2023]
Shri Amit Garg	Chief Financial Officer
Smt Anjana Luthra	Company Secretary

\*Shri Purshottam Agarwal has been appointed as an Additional Director - Non-executive (Non-independent) Director w.e.f. April 01, 2023.

(f) **Government Related Entities**

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

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

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

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

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



(₹ in lakh)

Particulars	As at 31 March, 2023	As at 31 March, 2022
<b>Amounts payable</b>		
<b>Power Grid Corporation of India Ltd. (Holding Company)</b>		
Purchases of goods and services – O&M Maintenance / Consultancy	204.07	250.40
Loans from Holding Company	3,334.36	3,459.36
<b>Amounts Receivable</b>		
<b>Central Transmission Utility of India Ltd. (Fellow Subsidiary Company)</b>		
Outstanding Balance in capacity of CTU	493.22	446.14

(h) 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
<b>Power Grid Corporation of India Ltd. (Holding Company)</b>		
Purchase of Goods or Services – O&M Maintenance / Consultancy Expense	136.55	131.62
Reimbursement of Employee Cost	-	471.10
Manpower Cost	591.76	-
Repayment of Loan	125.00	147.11
Short Term Lease (excluding Taxes)	33.52	29.41
Other Expenses (Communication, Travel & Meeting)	-	27.00
Interest paid on Loan	277.96	290.38
Dividend Paid	1,127.61	1,334.99
<b>Central Transmission Utility of India Ltd. (Fellow Subsidiary Company)</b>		
Transactions in capacity of CTU	2,042.22	2,082.47
<b>POWERGRID Infrastructure Investment Trust</b>		
Revenue from Investment Management Service	788.82	945.52

i) Remuneration to Key Managerial Personnel

(₹ in lakh)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Sitting fee	12.80	10.80

Note 37 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 38 Contingent Liabilities and contingent assets

There is no Contingent Liability / Assets as on 31st March 2023 (Nil as on 31st March 2022)

Note 39 Capital management

a) Risk Management

The company's objectives when managing capital are to maximize the shareholder value; safeguard its ability to continue as a going concern; maintain an optimal capital structure to reduce the cost of capital.



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

The debt –equity ratio of the Company was as follows: -

Particulars	As at 31 March, 2023	As at 31 March, 2022
Long term debt (₹ in lakh)	3,334.36	3,459.36
Equity (₹ in lakh)	2,856.69	2,501.73
Long term debt to Equity ratio	1.17	1.38

No changes were made in the objectives, policies or processes for managing capital during the years ended 31.03.2023 and 31.03.2022.

#### b) Dividends

Particulars	(₹ in lakh)	
	As at 31 March, 2023	As at 31 March, 2022
Final dividend for the year ended 31.03.2022 of ₹ Nil (31.03.2021 - ₹ Nil) per fully paid up share	-	-
Interim dividend for the year ended 31.03.2023 of ₹ 8.70 (31.03.2022 - ₹ 10.30) per fully paid up share	1,127.61	1,334.99

#### Dividend not recognized at the end of the reporting period:

In addition to above dividend, the Board of Directors on 27 April, 2023 declared the final dividend of ₹ 2.70 per fully paid up equity share.

#### Note 40 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 (in ₹)	11.44	12.93
Total Earnings attributable to the equity holders of the company (₹ in lakh)	1,482.57	1,675.70
Weighted average number of shares used as the denominator	1,29,61,067	1,29,61,067

#### Note 41 Income Tax expense

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

#### (a) Income tax expense

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Current Tax		
Current tax on profits for the year (A)	272.34	322.12
Deferred Tax expense		
Origination and reversal of temporary differences	(196.17)	(154.21)
Total deferred tax expense/benefit (B)	(196.17)	(154.21)
Income tax expense (A+B)	76.17	167.91





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

(₹ in lakh)

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Profit before income tax expense including movement in Regulatory Deferral Account Balances	1,558.74	1,843.62
Tax at the Company's domestic tax rate of 27.82 %	433.63	512.90
Tax effect of:		
Deferred Tax expense/(income)	(196.17)	(154.21)
Minimum alternate tax adjustments	(161.29)	(190.78)
Income tax expense	76.17	167.91

**Note 42 Employee Benefits**

The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basic and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and was being reimbursed to POWERGRID.

During previous financial year, employee cost was reimbursed to POWERGRID on actual basis and accordingly the same was disclosed as Employee Cost in the books of PUTL. With effect from 01.04.2022, POWERGRID is raising invoice against "Manpower Cost" to PUTL towards employees posted in PUTL. Accordingly, the same is recognised under the head "Other Expenses" as Manpower Cost (Refer Note 25).

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

**Note 43 Disclosure of material impact of COVID-19 pandemic**

The Company is mainly engaged in the business of transmission of electricity and the tariffs for the transmission services are regulated in terms of the Transmission Service Agreements signed with LTTCs which provide for recovery of the annual transmission charges based on system availability.

There has been no material impact on the operations or profitability of the company during the financial year due to the COVID-19 pandemic.

The Company has assessed the liquidity position for the next one year and of the recoverability and carrying value of its assets comprising of Property Plant and equipment, trade receivables and others as at Balance Sheet date and the management is of the view that there are no material adjustments required in the financial statements. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

**Note 44 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 45** a) Figures have been rounded off to nearest rupees in lakh up to two decimals.

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

As per our report of even date

For Khanna Thaker & Co.

Chartered Accountants

Firm Regn. No. 001265C

CA Abhinav Khanna  
Partner

Mem. No. 405987

Place : Lucknow

Date : 27-04-2023



For and on behalf of Board Of Directors

*Abhay Choudhary*  
Abhay Choudhary  
Chairman

DIN-07388432

Place : Gurugram

*Purshottam Agarwal*  
Purshottam Agarwal

Director

DIN-08812158

Place : Gurugram

*Sanjay Sharma*  
Sanjay Sharma

CEO

PAN : AENPS3382J

Place: Gurugram

*Amit Garg*  
Amit Garg

CFO

PAN : ACSPG1833F

Place: Gurugram

*Anjana Luthra*  
Anjana Luthra

Company Secretary

Mem. No. F5365

Place : Gurugram

