INDEPENDENT AUDITOR'S REPORT

To the Members of REC Power Development and Consultancy Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of **REC Power Development and Consultancy Limited** ("the Company") and its associates (the Company and its associates together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March, 2023, the consolidated Statement of Profit and Loss (including other comprehensive income), for year ended on that date, the Consolidated Statement of changes in Equity and the Consolidated Statement of Cash Flows for the year on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statement").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the Companies Act,2013 (the Act') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31,2023, the consolidated profit and consolidated state affairs of the Group as at March 31, 2023, the consolidated profit and consolidated total comprehensive income for the year ended on that date, consolidated changes in equity and the consolidated cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the other matters paragraph below are sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to the following matters in the Notes to consolidated Ind AS Financial Statement:

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Reference is invited to Note No.54 regarding denotified one of the associate companies (i.e. . Khavda II-D Transmission Limited) by the Ministry of Power. The company is under process of strike off.

Our opinion is not modified in respect of these matters.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

5. It is informed that financial information for all thirteen SPV's, i.e. Chandil Transmission Limited, Dumka Transmission Limited, Mandar Transmission Limited, Beawar Transmission Limited, Bidar Transmission Limited, Khavda II-D Transmission Limited, Koderma Transmission Limited, KPS1 Transmission Limited. Luhri Power Transmission Limited, Meerut Shamli Power Transmission Limited, NERES XVI Power Transmission Limited, Ramgarh-II Transmission Limited and Siker Khetri Transmission Limited are furnished unaudited and have been furnished to us by the management. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Holding company.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response
1.	**Valuation of account Receivable in view of risk of credit loss** (Refer to Note no. 46 "Financial Instrument" and note no 12 "Trade Receivable") Accounts receivables is a significant item in the Company's financial statements as at March 31, 2023 and assumptions used for estimating the credit loss on receivables is an area which is influenced by management's judgment. The Company makes an assessment of the estimated credit losses basis credit risk, project status, past	**Principal Audit Procedures** Our audit incorporated the following procedure with regards to provisioning of receivables: • Understood and evaluated the accounting policy of the company. • We evaluated the design and tested the operating effectiveness of key controls in relation to determination of estimated credit loss. • Inquired with senior management regarding status of collectability of the receivable • For material balances, the basis of provision was discussed with the management.

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S. No.	Key Audit Matter	Auditor's Response
		verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. • Calculations in respect of unearned revenue were test-checked using reports provided by project experts with respect to the percentage of work completed. • In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with the terms of contracts and status of work provided by the project experts of the company. • Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts. • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.

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

7. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in an entity's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

8. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance/conclusion thereon.

9. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

10. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Management Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the requirement of the Companies Act, 2013 and other accounting principles generally accepted in India. Including the accounting standards specified under section 133 of the Act. The respective board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Company, as aforesaid.

11. In preparing the financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using basis of accounting unless Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

12. The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial process of the Group.

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

13. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

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

A.K. Batra & Associates * Chartered Accountants * New Delhi from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statement of such entity included in the consolidated financial statements of which we are independent auditor. For the other entities included in the consolidated financial statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

15. Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

Other Matters

(a) The consolidated financial statement also includes the Holding company's net profits/loss of Rs. 13978.91 lacs for the year ended 31st March 2023 as considered in the 13978.91 lacs financial statements, in respect of 13 associate companies, whose financial statements have not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amount and disclosure included in respect of these associates and our report in terms of subsection 3 of section 143 of the Act, in so far as it relates to aforesaid associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanation given to us by the management, these financial statements are not material to the Holding company.

(b) Thirteen of the associate companies, namely ER NER Transmission Ltd., ERWR Power Transmission Ltd., Gadag-II A Transmission Ltd., Khavda II-A Transmission Ltd., Khavda II-B Transmission Ltd., Khavda II-C Transmission Ltd., Khavda RE Transmission Ltd., KPS2 Transmission Ltd., KPS3 Transmission Ltd., MP Package-I Transmission Ltd., Neemuch Transmission Ltd., Rajgarh Transmission Ltd. and WRSR Power Transmission Ltd. were transferred/sold during the year and further one associate company namely Khavda II-D Transmission Limited denotified by the Ministry of Power. The company is under process of strike off. Thus, there were total 13 associate during the year.

Our opinion on the consolidated financial statements and our report on other legal and regulatory requirements below, is not modified in respect of other matters with respect to our reliance on the work done and reports of other auditors and financial statement certified by the management.

Report on Other Legal and Regulatory Requirements

19. As required by section 143(3) the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section

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143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraphs 3 and 4 of the Order.

20. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub section (5) of Section 143 of the Companies Act 2013, the compliance of which is set out in "**Annexure B**".

21. 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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by so far as it appears from our examination of those books and reports of other auditors;

c) The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of cash flows and the consolidated statement of changes in equity and dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statement;

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

e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

f) Vide Notification No. G.S.R. 463(E) dated 5 June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013

g) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**"; and

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 the best of our information and according to the explanations given to us:

i. The Group has Rs. 2670.95 lakh pending litigations as on 31st March 2023

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

iii. The provision of transferring the amount to the Investor Education and Protection Fund is not applicable to the company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been

A. K. Batra & Associates New Delhi Chartered Accountants 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. As state in the standalone financial statements

(a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Companies Act 2013, as applicable.

(b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Companies Act 2013.

(c) The Board of Director of the Company has proposed final dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Companies Act 2013, as applicable.

vi Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 with respect to using accounting software for maintaining its books of account which has certain features e.g. edit log etc. as enumerated in afore said proviso is applicable to the Company with effect from 1st April 2023. Therefore, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March 2023.

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

A. K. Batra & Associates
New Delhi
Chartered Accountants

Place: New Delhi
Date: 16.05.2023

CA Manoj Garg
Partner
M No. 074370
UDIN: 23074370BGXDVA4248

Annexure A to the Independent Auditor's Report on Consolidated Accounts

The annexure referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of REC Power Development and Consultancy Limited on the Ind AS consolidated financial statements for the financial year ended on 31st March 2023.

1. In respect of its fixed assets
   (a) The Group is maintaining proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment on the basis of available information.
   (b) The Group has an approved regular program of verification for all assets to cover all the items yearly, which, in our opinion, is reasonable having regard to the size of the group and the nature of its fixed assets. Pursuant to the program, Assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
   (c) According to the information and explanations given to us and on the basis of our examination of the records of the group, the group does not have any immovable properties which are freehold and held in the name of group as at the balance sheet date.
   (d) The group has not revalued its assets during the year.
   (e) The group is not holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

2. (a) The group being a consultancy provider does not has any inventory during the year.

   (b) No working capital limit has been sanctioned to the company during the year.

3. In our opinion and according to the information and explanations given to us, the group has not provided any guarantee or security or granted any loans or advances secured or unsecured to the companies/ firms, limited liability partnership or other parties.

4. In our opinion and according to the information and explanations given to us, the group has not given loans, guarantees, security or made any investments which need to comply with the section 185 and 186 of Companies Act, 2013.

5. According to the information and explanations given to us, the Group has not accepted any deposit during the year within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013.

6. The Group is not required to maintain cost records which have been specified by the Central Government under sub-section (1) of section 148 of companies act, 2013.

7. (a) According to the records of the group examined by us, in our opinion, the group is generally regular in depositing undisputed statutory dues including Goods and service tax, Excise Duty, Provident Fund, ESI and other statutory dues applicable over the group.

   (b) According to the information given to us and as per the books of accounts produced before us, the group has no dues relating to Goods and service tax, sales tax, income tax, custom tax, excise duty, cess as at 31st March,2023 that have not been deposited

A. K. Batra & Associates New Delhi Chartered Accountants on account of any dispute except income tax demand for A.Y. 2017-18 of Rs.23.89 lakh for which appeal has been filed before CIT (Appeals).

8. According to the information given to us and as per the books of accounts produced before us, no transactions have been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.

9. Based on our audit procedures and according to the information and explanations given to us, the Group has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

10. (a) The group has not raised any money by way of initial public deposit offer, further public offer (including debt instruments) during the year.

(b) The group has not made any preferential allotment or private placement of shares or convertible debenture during the year.

11. (a) According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on or by the Group has been noticed or reported during course of our audit.

(b) There is no fraud reported during the year accordingly filling of report under sub-section (12) of section 143 of the Act is not required.

(c) According to the information and explanations given to us, no whistle-blower complains received during the year by the company.

12. The group is not a Nidhi company and hence this clause is not applicable.

13. In our opinion and according to information and explanation given to us, all transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and are disclosed in the financial statements as required by the applicable accounting standards.

14. (a) The company has appointed external internal auditors for carrying out the internal audit of the company. The audit has been conducted in two part i.e. for 1st half year ended 30th September & 2nd half year ended 31st March. The internal audit system adopted by the company is commensurate with the size and nature of the business of the company.

(b) We have considered the internal audit report so submitted by the internal auditor to the company and provided to us by the company for the half year period ended 30th September 2022 and the report for the period half year ended 31st March 2023 is yet to be received from the internal auditors, in determining the nature, timing and extent of our audit procedures.

15. Based on the representation given by the management, the group has not entered into any non-cash transactions with the directors or other persons connected to directors and hence the provision of section 192 of the companies act is not applicable.

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16. The group is not required to be registered under section 45-IA of Reserve Bank of India, 1934.

17. Based on the representation given by the management, the group has not incurred any cash losses during the financial year and immediately preceding financial year.

18. No statutory auditors has resigned during the year.

19. On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and management plans, we are in the opinion that no material uncertainty exists as on the date of the audit report that the group 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.

20. (a) The group has spent all the funds allocated during the year and accordingly no unspent amount available under section 135 of the Act.

    (b) The group did not have any unspent amount under sub-section (5) of section 135 of the Companies Act and accordingly this clause is not applicable.

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

A. K. Batra & Associates
New Delhi
Chartered Accountants

CA Manoj Garg
Partner
M No. 074370
UDIN: 23074370BGXDVA4248

Place: New Delhi
Date: 16.05.2023

Compliance Certificate

We have conducted the audit of annual accounts of **REC Power Development and Consultancy Limited** for the year ended 31st March 2023 in accordance with the direction/sub-directions issued by the C&AG of the 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 A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

Place: New Delhi
Date: 16.05.2023

A. K. Batra & Associates
New Delhi
Chartered Accountants

CA Manoj Garg
Partner
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Annexure C to the Independent Auditor's Report

Annexure referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of REC Power Development and Consultancy Limited on the financial statements for the financial year ended on 31st March 2023.

Report on the Internal Financial Control under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **REC Power Development and Consultancy Limited** ("the Group") as on 31st March 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 Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

A. K. Batra & Associates
New Delhi
Chartered Accountants

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

Meaning of Internal Financial Controls over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS 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 Group; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

A. K. Batra & Associates ★ New Delhi ★ Chartered Accountants

Place: New Delhi
Date: 16.05.2023

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REC Power Development and Consultancy Limited

(Formerly REC Power Distribution Company Limited)

Consolidated Balance Sheet as at 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

Particulars	Notes	As at 31 March, 2023	As at 31 March, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	26.37	37.33
Other intangible assets	5	0.88	2.84
Financial assets			
Investments	6	7,171.41	8,871.41
Other financial assets	7	7,085.71	6,500.39
Income tax assets (net)	8	1,011.46	848.76
Deferred tax assets (net)	9	3,057.10	2,537.56
Other non current assets	10	2.81	-
Total non current assets		**18,355.74**	**18,798.29**
Current assets			
Financial assets			
Investments	11	500.00	-
Trade receivables	12	11,443.07	10,064.63
Cash and cash equivalents	13	969.87	1,459.03
Other bank balances	14	32,770.21	15,864.47
Other financial assets	15	3,100.55	2,713.78
Current tax assets (Net)	16	-	337.58
Other current assets	17	478.78	2,271.04
Total current assets		**49,262.48**	**32,710.53**
Assets classified as held for sale	18	431.47	351.98
TOTAL ASSETS		**68,049.69**	**51,860.80**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	8.55	8.55
Other equity	20	44,084.83	32,850.49
Total equity		**44,093.38**	**32,859.04**
Non-current liabilities			
Financial liabilities			
Other financial liabilities	21	-	149.38
Provisions	22	25.26	38.01
Other non-current liabilities	23	-	9.50
Total non-current liabilities		**25.26**	**196.89**
Current liabilities			
Financial liabilities			
Trade payables	24		
(a)Total outstanding dues of micro & small enterprises		-	-
(b) Total outstanding dues of Creditors other than micro & small enterprises		4,167.59	3,647.82
Other financial liabilities	25	15,804.93	14,337.69
Other current liabilities	26	2,848.73	740.49
Provisions	27	43.09	77.82
Current tax liabilities (net)	28	1,064.92	-
Total current liabilities		**23,929.26**	**18,803.82**
Liabilities directly associated with assets classified as held	18	1.79	1.05
Total liabilities		**23,956.31**	**19,001.76**
TOTAL EQUITY & LIABILITIES		**68,049.69**	**51,860.80**

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 40 are integral part of the financial statements.

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

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

CA Manoj Garg
Partner
Membership No. 074370
Date: 16-5-2023
Place : New Delhi
UDIN-23074370BGXDVA4248

A. K. Batra & Associates * New Delhi * Chartered Accountants

For and on behalf of Board of Directors of
REC Power Development and Consultancy Limited

Sanjay Kumar
Director
DIN - 08722752

Ajoy Choudhury
Director
DIN - 06629871

Consolidated Statement of Profit and Loss for the year ended 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

Particulars	Notes	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Revenue from operations	29	28,484.41	16,001.02
Other income	30	2,242.55	1,718.94
Total Income		**30,726.96**	**17,719.96**
Expenses			
Cost of services rendered	31	7,242.92	7,983.60
Employee benefits expense	32	646.31	650.66
Finance costs	33	17.93	261.32
Depreciation and amortization expense	34	16.62	28.03
Impairment on financial assets	35	2,725.61	(328.91)
Corporate social responsibility expenses	36	126.16	167.95
Other expenses	37	1,313.57	1,099.62
Impairment on assets classified as held for sale	38	2.56	970.79
Total expenses		**12,091.68**	**10,833.06**
Profit/(Loss) before tax		**18,635.28**	**6,886.90**
Tax expense	39		
Current tax		5,191.83	1,789.87
Deferred tax expense/(credit)		(519.54)	(205.47)
Earlier year taxes/(credit)		(15.91)	-
Total tax expenses		**4,656.38**	**1,584.40**
Net profit/(loss) for the year		**13,978.90**	**5,302.50**
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		-	-
Income tax relating to these items		-	-
Other comprehensive income/(loss) for the year		**-**	**-**
Total comprehensive income/(loss) for the year		**13,978.90**	**5,302.50**
Earnings per equity share			
Basic/diluted earnings per share (In ₹)	40	**16,350**	**6,202**

Summary of significant accounting policies 1 to 3
The accompanying notes from 4 to 40 are integral part of the financial statements.

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

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

CA Manoj Garg
Partner
Membership No. 074370

Date: 16-5-2023
Place : New Delhi

A. K. Batra & Associates
New Delhi
Chartered Accountants

For and on behalf of Board of Directors of
REC Power Development and Consultancy Limited

Sanjay Kumar
Director
DIN - 08722752

Ajoy Choudhury
Director
DIN - 06629871

REC Power Development and Consultancy Limited

(Formerly REC Power Distribution Company Limited)

Consolidated Statement of Cash Flows for the year ended 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	18,635.28	6,886.90
Adjustments for:		
Add/(Less)		
Depreciation and amortization expense	16.62	28.03
Impairment on financial assets	2,725.61	(328.91)
Impairment on assets classified as held for sale	2.56	970.79
Interest expense on other financial liabilities measured at amortized cost	17.93	16.00
Loss on sale/write off of property, plant and equipment (net)	0.80	0.29
Liabilities/Provisions written back	(156.62)	(116.43)
Interest income on fixed deposit	(722.72)	(341.67)
Interest income on tax free bonds	(607.82)	(607.63)
Interest income from SPVs	(56.96)	(37.22)
Interest income on NCDs	(49.92)	(70.90)
Interest income on staggered papers	(7.41)	(15.10)
Interest income on other financial assets measured at amortized cost	(16.20)	(16.20)
Profit on sale of property, plant and equipment	(0.04)	-
Operating profit before working capital changes	**19,781.11**	**6,367.95**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables (current)	(4,104.05)	4,828.05
Other financial assets (current)	(386.77)	0.97
Other bank balances (excluding term deposits with maturity more than 3 months but less than 12 months)	(3,700.07)	14,830.95
Other current assets	1,792.26	(147.40)
Other non-current assets	(2.81)	-
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	519.77	(2,421.66)
Other financial liabilities (current)	1,565.28	(14,392.08)
Other financial liabilities (non current)	(149.38)	(0.00)
Other current liabilities	2,114.94	(207.14)
Provisions (current)	5.92	61.21
Provisions (non current)	(12.75)	(17.15)
Liabilities held for sale	0.74	(7.08)
Movement in operating assets and liabilities	**(2,356.92)**	**2,528.67**
Cash generated from operations	**17,424.19**	**8,896.62**
Less: Tax Expenses	(3,936.12)	(2,474.54)
Net cash flow from operating activities (A)	**13,488.07**	**6,422.08**

REC Power Development and Consultancy Limited
(Formerly REC Power Distribution Company Limited)

Consolidated Statement of Cash Flows for the year ended 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (including capital work-in-progress)		(5.11)	(5.72)
Sale/Write Off of property, plant and equipment		0.39	(0.07)
Purchase of intangible assets		-	-
Sale/Write Off of intangible assets		0.26	0.08
Deposits with bank (maturity more than 3 months but less than 12 months)		(13,205.67)	(1,340.53)
Deposit with Bank having original maturity period more than 12 Months		(585.32)	(6,403.20)
Interest received on fixed deposit		722.72	341.67
Interest received from SPV's		56.96	37.22
Interest received on tax free bonds		607.82	607.63
Interest income on NCDs		49.92	70.90
Interest income on staggered papers		7.41	15.10
Sale/(Purchase) of investments		1,200.00	-
Sale/(investment) of/in shares of associate companies (net)		(82.05)	81.80
Net cash (used in)/flow from investing activities	**(B)**	**(11,232.67)**	**(6,595.11)**
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(2,744.56)	(2,242.67)
Net cash used in financing activities	**(C)**	**(2,744.56)**	**(2,242.67)**
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	**(489.16)**	**(2,415.71)**
Cash and cash equivalents at the beginning of the year		1,459.03	3,874.74
Cash and cash equivalents at the end of the year		969.87	1,459.03
Reconciliation of cash and cash equivalents as per the cash flow statement		**(489.16)**	**(2,415.71)**

Explanatory notes -

Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months. The details of Cash and Cash equivalents are as under :-

	As at 31 March, 2023	As at 31 March, 2022
Balance held with schedule bank		
-in current account	969.87	650.49
-in deposit account	-	808.54

Summary of significant accounting policies 1 to 3

The accompanying notes from 4 to 40 are integral part of the financial statements.

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

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

CA Manoj Garg
Partner
Membership No. 074370

Date: 16-5-2023
Place : New Delhi

A. K. Batra & Associates * New Delhi * Chartered Accountants

For and on behalf of Board of Directors of
REC Power Development and Consultancy Limited

Sanjay Kumar
Director
DIN - 08722752

Ajoy Choudhury
Director
DIN - 06629871

Consolidated Statement of changes in equity for the year ended 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

A Equity share capital

Particular	Amount
Balance as at 1 April, 2022	8.55
Changes in equity share capital during the year	-
Balance as at 31 March, 2023	8.55
Balance as at 1 April, 2021	8.55
Changes in equity share capital during the year	-
Balance as at 31 March, 2022	8.55

B Other equity

Particulars	31 March, 2023			
	General reserve	Retained earnings	Capital reserve	Total
Balance as at 1 April, 2022	5,313.55	27,535.49	1.45	32,850.49
Profit/(Loss) for the year	-	13,978.90	-	13,978.90
Dividend				
- Final dividend for the previous year (FY 2021-22)	-	(890.91)	-	(890.91)
- Interim dividend for the year (FY 2022-23)	-	(1,853.65)	-	(1,853.65)
Balance as at 31 March, 2023	5,313.55	38,769.83	1.45	44,084.83

Particulars	31 March, 2022			
	General reserve	Retained earnings	Capital reserve	Total
Balance as at 1 April, 2021	5,313.55	24,475.66	1.45	29,790.66
Profit/(Loss) for the year	-	5,302.50	-	5,302.50
Dividend				
- Final dividend for the previous year (FY 2020-21)	-	(1,490.27)	-	(1,490.27)
- Interim dividend for the year (FY 2021-22)	-	(752.40)	-	(752.40)
Balance as at 31 March, 2022	5,313.55	27,535.49	1.45	32,850.49

Summary of significant accounting policies 1 to 3
The accompanying notes from 4 to 40 are integral part of the financial statements.

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

For A. K. Batra & Associates
Chartered Accountants
Firm Registration No. 003499N

For and on behalf of Board of Directors of
REC Power Development and Consultancy Limited

CA Manoj Garg
Partner
Membership No. 074370

A. K. Batra & Associates * New Delhi * Chartered Accountants

Sanjay Kumar
Director
DIN - 08722752

Ajoy Choudhury
Director
DIN - 06629871

Date: 16-5-2023
Place : New Delhi

REC Power Development & Consultancy Limited (Formerly REC Power Distribution Company Limited)

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2023

1. CORPORATE INFORMATION

REC Power Development & Consultancy Limited ("the Parent Company"/"RECPDCL") was incorporated in the year 2007, with the main objective to engage in the engineering consultancy services, execution of work in the area of decentralized distributed generation (DDG), transmission, Distribution, Generation and Smart Grid etc. in India or abroad or other related activities for Government and other agencies in power sector in India. The Parent company is domiciled in India and is limited by shares, having its registered office at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India and principal place of business at REC World Head Quarter, D- Block, Sector-29, Gurugram-122001. The Group is a wholly-owned subsidiary of REC Limited (formerly Rural Electrification Corporation Limited)("REC"). RECPDCL together with its associates is called Group.

The Group is engaged:

(i) in engineering consultancy services involving DPR preparation, project monitoring, project implementation, handholding etc. to different power sector utilities for their projects not covered under Govt. of India schemes.

(ii) in carrying out the third party inspection (TPI), quality monitoring and supervision under Rajiv Gandhi Grameen Vidyutikaran Yojana(RGGVY)/ Deendayal Upadhyaya Gram Jyoti Yojana(DDUGJY)/Saubhagya Schemes.

(iii) in preparation of detailed project report (DPR), project management consultancy (PMC) and project management agency (PMA) under the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS) Schemes and Revamped Distribution Sector Scheme (RDSS).

(iv) in execution of works of Information Technology (IT) implementation and installation of IT Infrastructure under R-APDRP Part A Schemes, project management agency (PMA) / project implementation agency (PIA) for implementation of various Government of India Projects viz. Prime Minister's Development Package (PMPD), Power System Development Fund (PSDF)(Urja Mitra, Rural Feeder Monitoring Scheme (RFMS), National Feeder Monitoring Scheme (NFMS) and Implementation of Smart Metering Project under RDSS.

(v) as project management agency (PMA) for turnkey execution of smart grid project under NSGM of Government of India, execution of solar standalone /roof top power plants at various locations across the country.

(vi) Bid Process Coordinator (BPC) under Scheme for flexibility in Generation and Scheduling of Thermal / Hydro Power Stations through bundling with Renewable Energy and Storage Power, 2022.

(vii) Bid Process Coordinator (BPC) for Inter State Transmission Systems and Intra State Transmission Systems on Tariff Based Competitive Mode. Parent Company is conducting the bidding process for these projects starting from incorporation, survey, cost estimation of Special Purpose Vehicle (SPV) and selection of qualified bidders to handing over of the SPV to the lowest bidder.

2. STATEMENT OF COMPLIANCE

The Group prepared its Consolidated Financial Statements in accordance with the requirements of Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). These Consolidated Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The Consolidated financial statements for the period ended 31st March, 2023 were authorized and approved by the Board of Directors on 15th May, 2023.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

2.1 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

(A) Application of new and revised standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 Apr 2022. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

Standard/ amendments applied first time w.e.f 01.04.2022: -

(i) Ind AS 16 – Proceeds before intended use

The amendment mainly prohibits an entity from deducting the cost of Property, plant and equipment amounts received from selling produced while the Group is preparing

the assets for its intended use. Instead, an entity will recognize such sale proceeds and related cost in profit and loss.
The amendment has no impact on the consolidated financial statements of the Group.

(ii) Ind AS 37 – Onerous Contract – Cost of fulfilling a Contract

The amendment specify that the "Cost of fulfilling" a contract comprises the "cost that relate directly to the Contract". Cost that relate directly to the Contract can either be incremental costs of fulfilling the contract (example would be direct labour, material) or an allocation of other costs that relate directly to fulfilling the contract.

This amendment is essentially a clarification and it has no impact in the consolidated financial statements of the Group.

(iii) Ind AS 103: Business Combination

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards* issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS.

These amendments have no impact on the consolidated financial statements of the Group.

(iv) Ind AS 109 – Annual improvement to Ind AS 2021

The amendment clarifies which fees an entity includes when it applies the "ten percent" test of Ind AS 109 in assessing whether to derecognize a financial liability.

This amendment has no impact on the consolidated financial statements of the Group.

(B) Recent accounting pronouncements: Standards issued but not yet Effective.

The Companies (Indian Accounting Standards) Amendment Rules, 2023 shall be effective from 01st Day of April 2023. An entity shall apply these amendments for annual reporting periods beginning on or after 1st April 2023. The amendment includes addition, substitution, insertion and deletion (as the case may be) in Ind AS 1, Ind AS 8, Ind AS 12, Ind AS 34, Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, & Ind AS 115.

(C) Changes in Companies Act 2013.

The Ministry of Corporate Affairs (MCA) issued the Companies (Audit and Auditors) Amendment Rule 2021 on 24th March 2021. One of its inter alia new Rule 11 (g) dealing with reporting on the use of the accounting software by a company for maintaining its books of accounts which has a feature of recording audit trail, shall become effective from 01st Day of April 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in preparation of the consolidated financial statements are as given below:

3.1 Basis of preparation and measurement

(i) Going concern and basis of measurement

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values and amortized cost at the end of each reporting period.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Companies Act, 2013. The Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

(ii) Functional and presentation currency:

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

3.2 Basis of Consolidation

The Group's interests in equity accounted investees comprise interests in the associates. An associate is an entity, including an unincorporated entity, over which the parent company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of Profit and Loss and Other Comprehensive Income (OCI) of equity-accounted investees until the date on which significant influence ceases. In cases where it is considered that the investment/interest in associate is held for sale, the interest in associate is accounted for under Ind AS 105.

3.3 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The Group, to determine that how much and when revenue is recognized, what is the nature, amount, timing and uncertainty of revenues etc. uses the principles laid down by the Ind AS 115. Revenue is recognized through a 5-step approach:

(i) Identify the contract(s) with customer;
(ii) Identify separate performance obligations in the contract;
(iii) Determine the transaction price;
(iv) Allocate the transaction price to the performance obligations; and
(v) Recognise revenue when a performance obligation is satisfied.

Income from Operation

Revenues are measured at the fair value of the consideration received or receivable, net of discounts and other indirect taxes.

(i) In Cost Plus Contracts - revenue is recognized by including eligible contractual items of expenditures plus proportionate margin as per contract;

(ii) In Fixed Price Contracts –revenue is recognized on the basis of stage of completion of the contract. The Group has assessed that the stage of completion determined as the proportion of the total time expected to complete the performance obligation that has lapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under Ind AS 115.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(iii) Professional charges to be charged from the selected bidders/developers for transmission projects put on tariff based bidding is accounted for in the year in which it is reasonably certain that the ultimate collection of the professional charges will be made. Sale proceeds of Request for Proposal (RFP) documents is credited to the respective SPV and sale proceeds of Request for Qualification (RFQ) documents is retained by the Parent Company and accounted as income of the Parent Company. From 06th August 2021, MoP, Government of India revised guidelines, sale proceeds of RFP documents are credited to the BPC account.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.4 Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalized with the related assets. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent measurement (depreciation method, useful lives and residual value)

Depreciation on assets is provided on straight-line method to the extent of 95% of the cost of the asset and in accordance to the useful lives prescribed under Schedule II of the Companies Act, 2013, except for the below assets where different useful lives have been taken on the basis of technical assessment:

Asset class	Useful life as per Schedule II	Useful life adopted by the Group
Office equipment-GPS, Mobile	5 years	2 years
Furniture and fixtures	10 years	5 years

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

Assets individually costing less than ₹ 5,000/- are fully depreciated in the year of purchase.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

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

3.5 Intangible assets

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

Any gain or loss on disposal of an item of intangible assets is recognized in statement of profit or loss.

Subsequent measurement (amortization method, useful lives and residual value)
For amortization of intangibles the amortization amount of intangible assets is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

3.6 Fair value measurement

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

• in the principal market for the asset or liability, or

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. For assets and liabilities that are recognized in the balance sheet on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

3.7 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:

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the group commits to purchase or sell the asset.

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognized (i.e. removed from the Group's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Group has not retained control, it shall also derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Financial guarantee contracts which are not measured at Fair value through profit & loss account.(FVTPL).

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables that do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

De-recognition

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

Offsetting of financial instruments

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

3.8 Non-Current assets/Disposal Company held for sale

Non-current assets /Disposal Company are classified as held for sale if their carrying amount will have recovered principally through sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at lower of their carrying amount or fair value less cost to sell, except for assets such as deferred tax, assets arising from employee benefit, financials assets and contractual rights under insurance contracts, which are specifically exempted from this requirement.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Non-current assets held for sale are presented separately from other assets in the balance sheet.

Where the Group is committed to a sale plan involving loss of control of an associate, it classifies investment in the associate (i.e. all the assets and liabilities of that associate) as held for sale.

3.9 Employee benefits:

Employee benefits include Provident Fund, Leave Encashment & Performance Linked Incentive pay.

a) **Fixed Tenure Employees**

The Group recruits Fixed Tenure Employees for a period of 3 years, which is further extendable for maximum up to 1 year and 6 months depending upon the requirement and performance. The Group deducts and deposits the employees benefit liabilities for Provident Fund. Other employee benefit statutory liabilities e.g. Pension, ESI, and Gratuity etc. are not applicable to the Group. The Group provides for leave encashment for which liabilities are assessed as per the actuarial valuation and disclosed in other notes to accounts. In addition to this group provides performance Linked Incentive pay as per policy of the Group.

b) Employees on secondment from holding company

The Group is managed by the employees deployed by REC Ltd (holding company) on seconded basis and pays their charges as service fee for deemed service of management service provided by its holding company. The Service charges being charged as a fixed liability on the basis of actual employee cost, added with fixed charges on account of future liability of Provident Fund, Gratuity, Superannuation and Postretirement benefit etc. With paying above charges, Group owes nothing to its holding company for any future liabilities whatsoever of such seconded employees. The Group recognize these cost along with service charge portion to cost of service.

c) Employees on Third Party Role

The Group is hiring employees through third party and pay their charges as service of management services. The Service charges being charged as a fixed liability on the basis of actual employee cost. With paying above charges, group owes nothing to third party for any future liabilities whatsoever of such employees. The Group recognize these cost along with service charge portion to cost of service

3.10 Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognized in Other comprehensive income (OCI) or directly in equity, in which case, the tax is also recognized in Other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. 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.

Deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Tax on Dividend is recognized at the same time when the liability to pay a dividend is recognized.

3.11 Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

A contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the group can be virtually certain to collect from a third party concerning the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognized. However, when the inflow of economic benefits is probable, the related asset is disclosed.

3.12 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.13 Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3.14 Cash and cash equivalents

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

3.15 Funds/grants received from government

Unutilized amount of grant/fund received are classified as current financial liabilities. Interest wherever earned on such funds is credited to respective grant/fund account.

3.16 Lease Accounting

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets all the three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the Group measures the lease liability at the present value of the future lease payments, discounted using the interest rate implicit in the lease if readily available, else the group's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Finance leases- Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered for transfer of risk and rewards are the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the lessee obtains ownership of the asset at the end of the lease term.

Operating leases- All other leases are treated as operating leases. Receipts on operating lease agreements are recognized as an income.

3.17 Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

3.18 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

3.19 Prepaid Expenses

A prepaid expense up to ₹ 1,00,000/- is recognized as expense upon initial recognition.

3.20 Rates and taxes

Overseas taxes on foreign assignments, indirect taxes, including Goods & Service Tax, professional tax, property tax, entry tax, labour cess, octroi and any other applicable taxes etc. paid/accrued in India or abroad for which credit are not available to the group are charged to the Statement of Profit and Loss.

3.21 Recognition of expenses in case of SPVs

The Parent Company has been appointed by Government of India to act as Bid Process Co-Ordinator for selection of the Transmission Service Provider (developer) for Transmission Projects. Since the parent company is incurring expenses for its project specific associates (called SPVs), the expenses in these associates have been booked / allocated at the period / year end by raising invoices to the respective SPVs. Direct expenses have been booked to the respective associates for which the expenditure has been incurred. Indirect/Common Expenses of the parent company has been allocated in proportionate basis to different segments (such Consultancy, PIA – distribution, PIA – transmission, Government Schemes, BPC/ TBCB business & New initiatives). The expenses allocated to BPC/ TBCB business segment has been further distributed equally to the respective SPVs from the month of issue of RFQ or RFP or incorporation of SPV, whichever is earlier, till the month in which tenth day from the date of issue of Letter of Intent (LOI) for the transfer of the SPV falls. Part of the month, if any, is considered as full month for cost allocation. The parent company has also charged interest on the funds deployed by it. The rate of interest charged is as per interest rate applicable for transmission & distribution loan of REC Limited (the holding company) applicable for ungraded organization. The rate applicable on the 1st of the financial year shall be applicable for that entire financial year. If bid process activity relating to any SPVs is kept in abeyance by the concerned authority due to any reason, no cost allocation and interest for such period of abeyance shall be made.

3.22 Business combination

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. Business combinations involving entities under common control are accounted for using the pooling of interest method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonize accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is transferred to capital reserve.

3.23 Significant management judgments in applying accounting policies and estimation of uncertainty

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

3.23.1 Significant management judgments

Recognition of deferred tax assets/ liability – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

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

3.23.2 Significant estimates

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

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

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

Expected Credit Loss ('ECL') – The measurement of an expected credit loss allowance for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., likelihood of customers defaulting and resulting losses). The Group makes significant judgments about the following while assessing expected credit loss to estimate ECL:

- Determining criteria for a significant increase in credit risk;

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets to measure ECL.

Leases – The management while determining the lease period of an asset makes estimates on various extension and termination options, the same affects the period of the lease and hence the determination of lease liability and right of use of assets.

Revenue from customers – The management while recognizing revenues, makes several estimates including estimation of recoverability, allocation of transaction prices to respective performance obligations, estimations of degree of work completed (Performance obligations satisfied) and estimated works.

3.24 Rounding off amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Lakhs as per the requirements of Schedule III of the Act unless otherwise stated.

Notes forming part of Financial Statements for the year ending 31 March, 2023

4 Property, plant and equipment

(All amounts in ₹ lakh, unless stated otherwise)

Description	31 March, 2022			
	Furniture & fixtures	Office equipments	Computers	Total
Gross carrying value				
As at 1 April, 2021	33.93	75.21	265.42	374.56
Additions	-	1.54	4.18	5.72
Adjustment/ Disposal	-	(0.26)	(4.42)	(4.68)
As at 31 March, 2022	**33.93**	**76.49**	**265.18**	**375.60**
Accumulated depreciation				
As at 1 April, 2021	27.98	58.29	230.21	316.48
Charge for the year	2.09	8.70	15.46	26.25
Adjustment/ Disposal	-	(0.26)	(4.20)	(4.46)
As at 31 March, 2022	**30.07**	**66.73**	**241.47**	**338.27**
Net block as at 31 March, 2022	**3.86**	**9.76**	**23.71**	**37.33**

Description	31 March, 2023			
	Furniture & fixtures	Office equipments	Computers	Total
Gross carrying value				
As at 1 April, 2022	33.93	76.49	265.18	375.60
Additions	0.78	0.38	3.95	5.11
Adjustment/ Disposal	(0.41)	(4.38)	(9.25)	(14.04)
As at 31 March, 2023	**34.30**	**72.49**	**259.88**	**366.67**
Accumulated depreciation				
As at 1 April, 2022	30.07	66.73	241.47	338.27
Charge for the year	1.67	3.75	9.50	14.92
Adjustment/Disposal	(0.40)	(4.11)	(8.38)	(12.89)
As at 31 March, 2023	**31.34**	**66.37**	**242.59**	**340.30**
Net block as at 31 March, 2023	**2.96**	**6.12**	**17.29**	**26.37**

a) Gross block includes obsolete fixed assets but not disposed off of ₹ 300.71 lakhs and depreciation reserve in respect of these assets ₹ 286.59 lakhs.

(b) Adjustment/Disposal - The adjustment/disposal is on accounts of assets disposed off / written-off during the year.

REC Power Development and Consultancy Limited

(Formerly REC Power Distribution Company Limited)

Notes forming part of Financial Statements for the year ending 31 March, 2023

5 Other intangible assets

(All amounts in ₹ lakh, unless stated otherwise)

Description	31 March, 2022	
	Computer software	Total intangible assets
Gross carrying value		
As at 1 April, 2021	16.14	16.14
Additions	-	-
Adjustment/Disposal	(1.42)	(1.42)
As at 31 March, 2022	14.72	14.72
Accumulated amortisation		
As at 1 April, 2021	11.44	11.44
Amortisation charge for the year	1.78	1.78
Adjustment/Disposal	(1.34)	(1.34)
As at 31 March, 2022	11.88	11.88
Net block as at 31 March, 2022	**2.84**	**2.84**

Description	31 March, 2023	
	Computer software	Total intangible assets
Gross carrying value		
As at 1 April, 2022	14.72	14.72
Additions	-	-
Adjustment/Disposal	(9.97)	(9.97)
As at 31 March, 2023	4.75	4.75
Accumulated amortisation		
As at 1 April, 2022	11.88	11.88
Amortisation charge for the year	1.70	1.70
Adjustment/Disposal	(9.71)	(9.71)
As at 31 March, 2023	3.87	3.87
Net block as at 31 March, 2023	**0.88**	**0.88**

(a) Adjustment/Disposal - The adjustment/disposal is on accounts of assets disposed off / written-off during the year.

REC Power Development and Consultancy Limited

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Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

6 Investments (Non current)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Investments in debentures or bonds		
(a) Investment in tax free bonds-quoted (at amortized cost) (in holding company)		
(i) REC Limited 7.38% tax free 15 years Secured Redeemable Non Convertible Bonds of face value of ₹ 1000/- each, fully paid (31 March, 2023 / 31 March, 2022 : 100,000 / 100,000) maturity date 06-12-2027.	1,000.00	1,000.00
(ii) REC Limited 15 years secured redeemable tax free bonds @8.46%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2023 / 31 March, 2022 : 300,000 / 3,00,000) Bond includes Rs. 2500.00 Lakh with maturity date 30-08-2028 , Rs. 310.00 Lakh with maturity date 03-09-2028 and Rs 190.00 Lakh with maturity date 13-09-2028.	3,000.00	3,000.00
(iii) REC Limited 15 years secured redeemable tax free bonds @8.63%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2023 / 31 March, 2022 : 20,000/20,000) maturity date 23-03-2029.	200.00	200.00
(iv) REC Limited 20 years secured redeemable tax free bonds @7.18%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2023 / 31 March, 2022 : 34,351/34,351) maturity date 11-05-2035.	343.51	343.51
(b) Investment in other securities-quoted (at amortized cost) (in holding company) **(i) REC Limited** 7.55% staggered papers of face value ₹ 1,000,000/- each, fully paid (31 March, 2023 / 31 March, 2022: Nil /20) matured on 26-09-2022.	-	200.00
(ii) REC Limited 7.09% NCD of face value ₹ 1,000,000 /- each, fully paid (31 March, 2023 / 31 March, 2022: Nil / 100) matured on 13-12-2022.	-	1,000.00
(c) Investment in tax free bonds (in others)-quoted (at amortized cost) **(i) Housing and Urban Development Corporation Limited (HUDCO)** 20 years secured redeemable tax free bonds @8.76%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2023 / 31 March, 2022: 50,000 / 50,000) maturity date 13-01-2024.	-	500.00
7.39% tax Free 15 years Secured Redeemable Non Convertible Bonds of face value of ₹ 1000/- each, fully paid (31 March, 2023 / 31 March, 2022: 86,798 /86,798) Bond includes Rs. 476.46 lakh with maturity date 08-02-2031 , Rs. 391.51 lakh with maturity date 15-03-2031.	867.98	867.98
(ii) National Highway Authority of India Limited (NHAI) 7.35% tax free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2023 / 31 March, 2022: 42,855/42,855) maturity date 11-01-2031.	428.55	428.55
7.39% tax free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2023 / 31 March, 2022: 35,463/35,463) maturity date 09-03-2031.	354.63	354.63
(iii) Indian Renewable Energy Development Agency (IREDA) 7.49% tax Free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/ each, fully paid (31 March, 2023 / 31 March, 2022: 61,308 /61,308) with maturity date 21-01-2031.	613.08	613.08
(iv) Indian Railway Finance Cooporation (IRFC) 7.35% tax Free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/ each, fully paid (31 March, 2023 / 31 March, 2022: 22,338 /22,338) with maturity date 22-03-2031.	223.38	223.38

Notes forming part of Financial Statements for the year ending 31 March, 2023

(v) National Bank for Agriculture and Rural Development (NABARD) 7.35% tax Free 15 years secured redeemable non convertible bonds of face value of ₹ 1000/- each, fully paid (31 March, 2023 / 31 March, 2022: 14,028 /14,028) with maturity date 22-03-2031.	140.28	140.28
	7,171.41	**8,871.41**

Aggregate market value of quoted investment	**8,399.03**	**10,692.80**

(a) Refer Note 46 for fair value disclosure.

(b) Investments in quoted securities are measured at amortised cost as these investments are held solely for payments of principal and interest (SPPI).

(c) The company has no unquoted investments during the current year as well as previous year.

(All amounts in ₹ lakh, unless stated otherwise)

7 Other financial assets (Non Current)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Term deposits with maturity more than 12 months	7,085.71	6,500.39
	7,085.71	**6,500.39**

(a) Term deposit receipt has been placed on lien with Canara Bank as collateral security for issue of bank guarantee amounting to Rs. 114.18 lacs.

(b) The above term deposits are not earmarked.

8 Income tax assets (net)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Income Tax Refundable (for AY 2017-21 . 808.67 Lakhs for AY 2022-23 . 202.80 Lakhs)	1,011.46	848.76
	1,011.46	**848.76**

9 Deferred tax assets (net)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Deferred Tax Asset	3,057.10	2,537.56
	3,057.10	**2,537.56**

Movement in deferred tax balances as at 31 March, 2023

Tax effect of items constituting deferred tax liabilities	As at 31 March, 2022	Charged to profit and loss account	As at 31 March, 2023
Financial assets and liabilities measured at amortized cost	0.94	(0.94)	-
Total deferred tax liabilities	**0.94**	**(0.94)**	**-**
Tax effect of items constituting deferred tax assets:			
Allowance for expected credit loss	2,340.47	672.17	3,012.64
On employee's retirement benefits	29.15	(41.10)	(11.95)
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	47.27	(2.97)	44.30
Provision for expenses	121.61	(109.50)	12.11
Total deferred tax assets	**2,538.50**	**518.60**	**3,057.10**
Deferred tax assets (net)	**2,537.56**	**519.54**	**3,057.10**

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Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

Movement in deferred tax balances as at 31 March, 2022

	As at 31 March, 2021	Charged to profit and loss account	As at 31 March, 2022
Tax effect of items constituting deferred tax liabilities			
Financial assets and liabilities measured at amortized cost	0.89	0.05	0.94
Total deferred tax liabilities	**0.89**	**0.05**	**0.94**
Tax effect of items constituting deferred tax assets:			
Allowance for expected credit loss	2,191.46	149.01	2,340.47
On employee's retirement benefits	18.07	11.08	29.15
Property, plant and equipment: Impact of difference between depreciation as per income tax act and depreciation charged in the books	51.07	(3.80)	47.27
Provision for expenses	72.38	49.23	121.61
Total deferred tax assets	**2,332.98**	**205.52**	**2,538.50**
Deferred tax assets (net)	**2,332.09**	**205.47**	**2,537.56**

10 Other non current assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
Prepaid expenses	2.81	-
	2.81	-

11 Investments (current)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Investment in tax free bonds (in others)-quoted (at amortized cost)		
(i) Housing and Urban Development Corporation Limited (HUDCO)		
20 years secured redeemable tax free bonds @8.76%, bonds of face value of ₹ 1000/- each, fully paid (31 March, 2023 / 31 March, 2022: 50,000 / 50,000)	500.00	-
	500.00	-
Aggregate market value of quoted investment	**640.00**	-

(a) Refer Note 46 for fair value disclosure.

(b) Investments in quoted securities are measured at amortised cost as these investments are held solely for payments of principal and interest (SPPI).

(c) The company has no unquoted investments during the current year as well as previous year.

(All amounts in ₹ lakh, unless stated otherwise)

12 Trade receivables

Particulars	As at 31 March, 2023	As at 31 March, 2022
Unsecured, considered good	12,859.15	9,503.44
Less: Allowance for expected credit loss	(2,566.59)	(1,197.93)
	10,292.56	8,305.51
Trade receivables which have significant increase in credit risk	3,762.60	3,390.37
Less: Allowance for expected credit loss	(2,807.29)	(1,778.70)
	955.31	1,611.67
Credit impaired receivables	5,634.66	5,442.82
Less: Allowance for expected credit loss	(5,596.48)	(5,295.37)
	38.18	147.45
TDS Unreconciled Assets	157.02	-
	11,443.07	**10,064.63**

i) There is no disagreement with the parties of the company. Accordingly, all the trade receivables under each category has been considered undisputed.

ii) Trade receivables more than one year and upto three year have been categorised as receivables having significant increase in credit risk. Trade receivables more than three years has been categorised as credit impaired receivables.

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

iii) Ageing of trade receivables: -

Particulars	As at 31 March, 2023	As at 31 March, 2022
Less than six months	9738.31	7,154.80
More than six months to 1 year	3120.84	2,348.64
More than 1 year to 2 years	2131.89	1,934.85
More than 2 years to 3 years	1630.71	1,455.52
More than 3 years	5634.66	5,442.82
Total	**22256.41**	**18336.63**

*Refer note 47 - Financial risk management for assessment of expected credit losses.

(iv) **TDS Unreconciled Assets** - At the time of reconciling 26AS, certain receipts in 26AS has been identified for which justification/breakup (i.e. against which invoice of the company, the credit has been given) is pending from parties. Further, some of the parties have deducted the TDS but on reconciliation it has been identified that the TDS amount has not been received in 26AS. This TDS amount has been booked separately. The same shall be further adjusted with trade receivables after receipt of necessary clarification from the parties.

13 Cash and cash equivalents

Particulars	As at 31 March, 2023	As at 31 March, 2022
Balances with banks:		
- with scheduled banks in current accounts	969.87	660.27
Term deposits (with maturity upto 3 months)	-	808.54
	969.87	1,468.81
Cheque issued but not presented	-	(9.78)
	969.87	**1,459.03**

Previous year Balance with banks in current accounts includes amount of Rs. 554.67 lakhs received on 31-03-2022 is an earmarked fund for deposit work under PMDP program. The amount has been transferred to respective earmarked bank account on 07-04-2022. Current year no such balance in Balance with banks in current accounts.

14 Other bank balances

Particulars	As at 31 March, 2023	As at 31 March, 2022
Earmarked balances for deposit works*	13,163.06	11,921.80
Earmarked balances with government fund accounts	1,477.61	64.01
Term deposits with remaining maturity more than 3 months but less than 12 months	18,129.54	4,923.87
	32,770.21	16,909.68
Cheque issued but not presented	-	(1,045.21)
	32,770.21	**15,864.47**

* Earmarked balances for deposit work are the funds received from central government, state government and utility for execution of project work on behalf of them and to be used exclusively for the payments related to those projects only.

15 Other financial assets (Current)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Contract assets*	2,483.05	2,090.96
Recoverable from Ministry of Power, Government of India		
Deen Dayal Upadhyaya Gram Jyoti Yojana Fund**	302.40	302.40
Retention money deposits	86.37	86.37
Interest Accrued on bonds	205.61	280.08
Security deposits paid	49.44	2.55
Other receivables	22.53	0.27
	3,149.40	2,762.63
ECL against Retention money deposits	(48.85)	(48.85)
	3,100.55	**2,713.78**

*Refer Note 41F for details of Contract assets.
**Refer Note 43 for details

REC Power Development and Consultancy Limited
(Formerly REC Power Distribution Company Limited)

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

16 Current tax assets (Net)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Advance tax and TDS	-	2,127.45
Less : Provision for income tax	-	(1,789.87)
	-	**337.58**

17 Other current assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
Advances to employees	0.09	3.10
Prepaid expenses	2.00	1.39
Balances with statutory and government authorities*	470.43	2,184.58
Advance to suppliers	0.29	67.54
CSR Pre-Spent	-	8.46
Tax deposited on income tax demands under contest	5.97	5.97
	478.78	**2,271.04**

* Balances with statutory and government authorities includes input tax credit and tds credit under GST.

** Refer Note 49 for details of tax deposited on income tax demands under contest.

(All amounts in ₹ lakh, unless stated otherwise)

18 Assets/Liabilities classified as held for sale

Particulars	As at 31 March, 2023	As at 31 March, 2022
Assets classified as held for sale		
(A) Investment in associates (refer note 16.1)	65.00	40.00
(B) Amount receivable from associates (refer note 16.2)	1,339.82	1,282.77
(C) Provision for impairment on assets classified as held for sale	(973.35)	(970.79)
Total (A+B+C)	**431.47**	**351.98**
Liabilities directly associated with assets classified as held for sale		
(D) Payable to associates (refer note 16.3)	1.79	1.05
Total(D)	**1.79**	**1.05**
Disposal group (A+B+C-D)	**429.68**	**350.93**

Note - Refer Note 44 for details related to related party transaction.

18.1 Investments in associates

Particulars	As at 31 March, 2023	As at 31 March, 2022
Investments in Equity Instruments of associates (fully paid up) Chandil Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	5.00
Dumka Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	5.00
Koderma Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	5.00
Mandar Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	5.00
Bidar Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	5.00
MP Power Transmission Package I Limited 50000 equity shares of ₹ 10/- each (31 March, 2023: Nil. 31 March, 2022: 50000)	-	5.00
Rajgarh Transmission Limited 50000 equity shares of ₹ 10/- each (31 March, 2023: Nil. 31 March, 2022: 50000)	-	5.00
ER NER Transmission Limited 50000 equity shares of ₹ 10/- each (31 March, 2023: Nil. 31 March, 2022: 50000)	-	5.00
Beawar Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	0.00
Khavda II-D Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	0.00
KPS1 Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	0.00
Ramgarh II Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	0.00

Sikar Khetri Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	0.00
Luhri Power Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	0.00
Meerut Shamli Power Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	0.00
NERES XVI Power Transmission Limited 50000 equity shares of ₹ 10/-each (31 March, 2023: 50000, 31 March, 2022: 50000)	5.00	0.00
Total	**65.00**	**40.00**

Note : Equity shares includes shares held by officers as nominee of the company.

(All amounts in ₹ lakh, unless stated otherwise)

18.2 Amount receivable from associates

Particulars	As at 31 March, 2023	As at 31 March, 2022
Chandil Transmission Limited	254.43	253.75
Dumka Transmission Limited	248.24	247.57
Mandar Transmission Limited	222.50	221.82
Koderma Transmission Limited	228.18	227.51
MP Power Transmission Package I Limited	-	199.03
Rajgarh Transmission Limited	-	28.18
ER NER Transmission Limited	-	28.38
Bidar Transmission Limited	10.08	-
Sikar Khetri Transmission Limited	67.30	-
KPS1 Transmission Limited	58.35	-
Ramgarh II Transmission Limited	69.60	-
Beawar Transmission Limited	70.94	-
Luhri Power Transmission Limited	48.15	-
Meerut Shamli Power Transmission Limited	43.29	-
NERES XVI Power Transmission Limited	18.76	-
Receivable from SPV-Yet to Incorporate	-	76.53
	1,339.82	**1,282.7700**
Provision for impairment on assets classified as held for sale		
Chandil Transmission Limited	259.43	258.79
Dumka Transmission Limited	253.24	252.60
Mandar Transmission Limited	227.50	226.86
Koderma Transmission Limited	233.18	232.54
	973.35	**970.79**
Loan to associates (net of provisions)	**366.47**	**311.98**

Note: -

Jharkhand Urja Sancharan Nigam Limited (JUSNL) has cancelled RFQ and RFP of transmission projects in State of Jharkhand. These projects have been kept in abeyance w.e.f. 01.10.2020. RECPDCL vide letters dated 14.10.2020, 06.11.2020 and 28.07.2021 has communicated JUSNL regarding recovery of expenses incurred on these SPVs. However, no communication has been received from JUSNL in this regard. As the bidding process of these SPVs has been cancelled and there is less probability of recovery of expenses already incurred, hence as an accounting prudence provision for impairment loss of Rs. 2.56 Lacs (previous year Rs. 970.79 lacs) has been created.

18.3 Payable to associates

Particulars	As at 31 March, 2023	As at 31 March, 2022
Bidar Transmission Limited	-	1.05
Khavda II-D Transmission Limited	1.79	-
	1.79	**1.05**

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

19 Equity share capital

Particulars	As at 31 March, 2023	As at 31 March, 2022
Authorized equity share capital		
20,050,000 (31 March, 2023 : 20,050,000) Equity shares of ₹ 10 each	2,005.00	2,005.00
	2,005.00	**2,005.00**
Issued, subscribed and paid up equity share capital		
85,500 (31 March, 2023 : 85,500) Equity shares of ₹ 10 each	8.55	8.55
	8.55	**8.55**

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

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

	As at 31 March, 2023		As at 31 March, 2022	
	No. of shares	(₹)	No. of shares	(₹)
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	85,500	855,000.00	85,500	855,000.00
Add: Issued during the year	-	-	-	-
Balance at the end of the year	**85,500**	**855,000.00**	**85,500**	**855,000.00**

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

	As at 31 March, 2023		As at 31 March, 2022	
	No. of shares	% holding	No. of shares	% holding
85,494 Equity shares held by REC Limited (Promoter & holding company) and balance 6 equity shares through other nominee of REC Limited	85,500	100.00%	85,500	100.00%

iv) Shares held by promoter company:

	As at 31 March, 2023		As at 31 March, 2022	
	No. of shares	% holding	No. of shares	% holding
85,494 Equity shares held by REC Limited (Promoter & holding company) and balance 6 equity shares through other nominee of REC Limited	85,500	100.00%	85,500	100.00%

There is no change in holding of promoter company during the financial year 2022-23.

v) The Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date except issuance of shares in lieu of purchase consideration.

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

20 Other equity

Particulars	As at 31 March, 2023	As at 31 March, 2022
General reserve		
Balance at the beginning of the year	5,313.55	5,313.55
Add: Movement during the year	-	-
Balance at the end of the year	**5,313.55**	**5,313.55**
Retained earnings		
Balance at the beginning of the year	27,535.49	24,475.66
Add : Transferred from statement of profit and loss	13,978.90	5,302.50
	41,514.39	**29,778.16**
Less: Dividends		
- Final Dividend for the previous year (FY 2021-22/FY 2020-21)	(890.91)	(1,490.27)
- Interim Dividend for the year	(1,853.65)	(752.40)
Balance at the end of the year	**38,769.83**	**27,535.49**
Capital reserve		
Balance at the beginning of the year	1.45	1.45
Add: Movement during the year	-	-
Balance at the end of the year	**1.45**	**1.45**
Total other equity	**44,084.83**	**32,850.49**

Note:

a) General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another.

b) Profits made by the company during the year are transferred to retained earnings from Statement of Profit and Loss.

c) Capital reserve represents the difference between the amount recorded as share capital issued plus any additional purchase consideration and the amount of share capital of transferor (REC Transmission Projects Company Ltd.) on account of amalgamation of REC Transmission Projects Company Limited with REC Power Distribution Company Limited as per Ind AS 103-Business Combinations.

d) Subsequent to the year ended 31 March, 2023; the Board of Directors of the Company on a meeting held on 15 May, 2023 has proposed final divided amounting to ₹ 2736.87 per share on 85500 no. of shares totaling ₹ 2340.02 lakh (FY 2021-22 - Proposed final Dividend: ₹ 1042 per share on 85500 no. of shares totaling ₹ 890.91 lakh), the effect of the same has not been taken into financial statements as the same is subject to the approval by the shareholders of the Company.

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

21 Other financial liabilities

Particulars	As at 31 March, 2023	As at 31 March, 2022
Unsecured, considered good		
Performance bank guarantee retained	-	149.38
	-	**149.38**

Note - The amount is retained for performance obligation of M/s PEC Ltd. till 31 October, 2023 now transferred to Other financial liabilities (Current).

22 Provisions (Non current)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Provision for employee benefits		
Provision for compensated absences	25.26	38.01
	25.26	**38.01**
Provision for compensated absences		
Opening Balance	38.01	55.16
Addition During the year	13.58	4.76
Utilised during the year	(26.33)	(21.91)
Closing balance	**25.26**	**38.01**

*Refer Note 45 for details

23 Other non-current liabilities

Particulars	As at 31 March, 2023	As at 31 March, 2022
Advance as performance bank guarantee	-	9.50
	-	**9.50**

Note - Above amount represents liability recognised as per IndAS-109 in respect of amount retained for performance obligation of M/s PEC Ltd.

24 Trade payables

Particulars	As at 31 March, 2023	As at 31 March, 2022
Total outstanding dues of micro & small enterprises	-	-
Total outstanding dues of Creditors other than micro & small enterprises	4,167.59	3,647.82
	4,167.59	**3,647.82**

i) There is no disagreement with the parties of the company. Accordingly, all the trade payables under each category has been considered undisputed.

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

ii) Ageing of trade payables: - Others

Particulars	As at 31 March, 2023	As at 31 March, 2022
Less than 1 year	1,631.42	1,500.84
More than 1 years to 2 years	1,263.66	838.93
More than 2 years to 3 years	32.70	1,130.20
More than 3 years	1,239.81	177.85
Gross Trade Payables	**4,167.59**	**3,647.82**

Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the company, the following are the details:

	As at 31 March, 2023	As at 31 March, 2022
I) (a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
II) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
III) Suppliers for whom confirmation not received is deemed not registered under MSMED,2006 Act and Interest payable on payment made but not claimed has not been provided.	-	-
IV) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
V) 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 MSMED,2006 ACT.	-	-

Suppliers for whom confirmation not received is deemed not registered under MSMED,2006 Act and Interest payable on payment made but not claimed has not been provided.

25 Other financial liabilities (Current)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Earnest money deposits	140.41	70.56
Expenses payables	1,432.49	1,863.74
Advance for deposit work	11,966.61	11,468.21
Payable to related parties	669.79	597.76
Performance bank guarantee retained	192.11	26.55
Employee payable	8.11	7.17
Government fund for schemes -		
Power System Development Fund for Rural Feeder Monitoring Scheme	1,387.58	231.91
Urja Mitra Scheme Fund	7.83	71.79
	15,804.93	**14,337.69**

Refer Note 42 for details on Advance for deposit works.

Refer Note 43 for details on Government fund for schemes.

Refer Note 44 for details on Payable to related parties.

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

26 Other current liabilities

Particulars	As at 31 March, 2023	As at 31 March, 2022
Contract Liability	700.82	9.45
Statutory dues	519.05	526.25
Advance as performance bank guarantee*	9.50	16.20
Statutory dues for deposit work	259.08	188.31
Unidentified Receipts	0.28	0.28
BG Invoked-Adani	1,360.00	-
	2,848.73	**740.49**

* It represents liability recognised as per IndAS-109 in respect of amount retained for performance obligation of M/s PEC Ltd.

BG Invoked-Adani - M/s Adani Transmission Limited has submitted bid security in form of bank guarantee in the request for proposal (RFP) floated for KPS 1 Transmission Limited. This bid security is subject to invocation in case the bidder withdrawn from the bid after qualification. M/s Adani Transmission Limited has withdrawn from the bid and accordingly RECPDCL has invoked the bid security in form of bank guarantee. However M/s Adani Transmission Limited has filed a writ petition (3206/2023) before Delhi High Court against this invocation. Pending outcome in the subject matter the amount has been accounted for as Other Current Liability.

27 Provisions (Current)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Provision for employee benefits		
Provision for compensated absences	1.52	1.84
Provision for Performance Linked Incentive	41.57	75.98
	43.09	**77.82**
Provision for loyalty bonus		
Opening Balance	-	14.42
Utilised during the year	-	(14.42)
Closing balance	-	-
Provision for compensated absences		
Opening Balance	1.84	2.19
Addition During the year	1.52	0.25
Utilised during the year	(1.84)	-
Adjusted during the year	-	(0.60)
Closing balance	**1.52**	**1.84**
Provision for Performance Linked Incentive		
Opening Balance	75.98	-
Addition During the year	41.57	75.98
Utilised during the year	(35.33)	-
Adjusted during the year	(40.65)	-
Closing balance	**41.57**	**75.98**

*Refer Note 45 for details

28 Current tax liabilities (net)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Provision for income tax	5,191.83	-
Less: Advance tax and TDS	(4,126.91)	-
	1,064.92	**-**

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

29 Revenue from operations

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Income from Consultancy Services	12,312.19	8,733.20
Project implementing agency (PIA)- Infrastructure works (including distribution & transmission)	3,014.28	3,830.01
Government Scheme Management/Monitoring Fees	-	16.95
TBCB business (BPC)-Transmission SPV	12,593.48	3,420.86
Developer mode & new schemes (smart metering implementation,NFMS, etc)	564.46	-
	28,484.41	**16,001.02**

Note:-

Detail of Unbilled Revenue (Revenue has been recognised due to satisfaction of performace obligation, but invoicing of the same is pending at the year end) :-	**31 March, 2023**	**31 March, 2022**
Income from Consultancy Services	1,273.59	1,903.88
Project implementing agency (PIA)- Infrastructure works (including distribution & transmission)	477.42	187.08
Developer mode & new schemes (smart metering implementation,NFMS, etc)	564.46	-
	2,315.47	**2,090.96**

Refer note 41 for details related to revenue from operations

30 Other income

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Interest income on fixed deposits	722.72	341.67
Interest income on grant fixed deposits	-	169.88
Interest income on tax free bonds	607.82	607.63
Interest on income tax refund	-	0.68
Interest income from SPVs	56.96	37.22
Interest income on NCDs	49.92	70.90
Interest income on staggered papers	7.41	15.10
Interest income on other financial assets measured at amortized cost	16.20	16.20
Reimbursement Income	-	-
Reimbursement Income from SPV's	-	-
Reimbursement Income on Govt. Fund	-	-
Liabilities/Provisions written back	156.62	116.43
Liquidation damages	0.01	-
Profit on sale of investments	-	-
Profit on sale of property, plant and equipment	0.04	-
RFQ/RFP/Tender fee	624.55	340.00
Miscellaneous income	0.30	3.23
	2,242.55	**1,718.94**

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

31 Cost of services rendered

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Project technical services - PMC/PMA/DPR	2,362.85	3,279.25
Project outsourced manpower	4,479.90	4,441.81
REC - UE village project expenditure	110.94	495.74
Interest expense on micro and small enterprises	-	-
Manpower Charges for RDSS Scheme and REC Business	213.50	-
Survey charges	-	-
Consultancy charges	102.61	-
Project-Meeting & Conference Expenses	-	-
Meeting & conference expenses	-	-
AMI Implementation DBFOOT exp.	468.46	-
	7,738.26	**8,216.80**
Less :-		
Manpower Cost allocated to DDUGJY	-	(49.16)
Manpower Cost allocated to PSDF/RFMS	(104.69)	-
Manpower Cost allocated to Urja Mitra Scheme	(32.54)	-
Manpower cost reimbursable from SPV-Cost of service rendered	(358.11)	(184.04)
Reimbursable cost of Project technical services	-	-
	7,242.92	**7,983.60**

Note :

Manpower Cost reimbursable from SPV's - The company is incurring expenditure (direct as well as indirect expenses) on behalf of SPV's. These expenditures are to be reimbursed by the SPV's to the company. The company raised periodic invoices to the respective SPV's for reimbursement of these expenditures. The company presented these reimbursement as deduction to cost of services rendered for true and fair view of expense incurred by the company related to its operations.

Manpower Cost allocated to DDUGJY - The company is managing and monitoring the Central Government schemes (under distribution sector) as directed by the Ministry of Power. The expenditure incurred on deployment of manpower for these works are to be reimbursed by the Ministry of Power to the company through DDUGJY enabling fund. The company presented these reimbursement as deduction to cost of services rendered for true and fair view of expense incurred by the company related to its operations.

Manpower Cost allocated to rural feeder monitoring scheme (RFMS) & Urja Mitra Scheme - The company is implementing & monitoring RFMS & Urja Mitra Scheme on pan India basis on the behalf of Ministry of Power - Government of India. The expenditure incurred on deployment of manpower in RFMS are debited to fund received from power sector development fund (PSDF) managed by Power Grid Corporation of India Limited and expenditure incurred on deployment of manpower in Urja Mitra Scheme are debited to fund received form Ministry of Power to the company. The company presented these debit to the fund / reimbursement as deduction to cost of services rendered for true and fair view of expense incurred by the company related to its operations.

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

32 Employee benefits expense

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Salaries and wages	569.08	544.43
Contribution to provident and other funds	36.98	32.87
Staff welfare expenses	100.15	95.10
	706.21	**672.40**
Manpower cost reimbursable from SPV-Employee Benefit Exp	(59.90)	(21.74)
	646.31	**650.66**

* Refer Note 31 for noting on Manpower Cost reimbursable from SPV

Note - For disclosures related to provision for employee benefits, refer note 45 - Employee benefit obligations.

33 Finance costs

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Interest expenses		
Interest expenses on grant fund	-	169.88
Interest expense on other financial liabilities measured at amortized cost	17.93	16.00
Interest on income tax	-	75.44
	17.93	**261.32**

34 Depreciation and amortization expense

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Depreciation on Property, Plant & Equipment (Refer note 4)	14.92	26.25
Amortization of Other intangible assets (Refer note 5)	1.70	1.78
	16.62	**28.03**

35 Impairment on financial assets

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Provision (net of reversal)	2,720.82	(354.84)
Bad debts	4.79	25.93
	2,725.61	**(328.91)**

Note - The impairment is related to assets under contracts with customers.
Refer Note 47 for details

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

36 Corporate social responsibility expenses

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
CSR expenditure	126.16	167.95
	126.16	**167.95**

Disclosure on CSR Expenses U/s 135 of the Companies Act, 2013	**31 March, 2023**	**31 March, 2022**
(a) Gross amount required to be spent on CSR activities	126.16	167.95
(b) Amount approved by the Board to be spent during the year	126.16	167.95
(c) Amount of expenditure incurred during the year		
- on construction/acquisition of assets	-	-
- on purpose other than above *	126.16	167.95
(d) Shortfall at the end of the year	-	-
(e) Total of previous years shortfall	-	-

(* Include prespent amount of Rs. 8.46 lacs)

(f) Nature of CSR activities

The company has contributed/incurred expenditure in the below mentioned CSR activities-

(i) CSR support to District Magistrate/ Collector of Bhojpur & Patna for development of medical infrastructure facilities in State of Bihar.

(ii) Contribution towards PM Cares Fund.

(iii) CSR assistance to Healthy aging India for providing Cost-effective living facility to Needy and less-served older adults in Sriniwaspuri, Ashram, Delhi.

(iv) CSR assistance to ASHI for aged welfare association (AHAWA) towards strengthering up of district school, Gollapalli, Elure in State of Andhra Pradesh.

(g) The company has not entered any transaction with related party in relation to CSR expenditure during the year.

(All amounts in ₹ lakh, unless stated

(h) Movements of provision with respect to CSR liability/expenditure	31 March, 2023	31 March, 2022
Opening balance of provision	4.09	-
Add - Provision made during the year	10.50	4.09
Less - Provision utilised during the year	4.09	-
Closing balance of provision	10.50	4.09

REC Power Development and Consultancy Limited
(Formerly REC Power Distribution Company Limited)

Notes forming part of Financial Statements for the year ending 31 March, 2023

(All amounts in ₹ lakh, unless stated otherwise)

37 Other expenses

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Rent : Office premises	563.79	466.23
Office Equipment hire charges	9.99	2.83
Vehicle hire charges	102.32	54.59
Rates and taxes	9.57	14.98
Repairs and maintenance	15.81	9.39
Office maintenance and security	213.28	51.25
Power and fuel	4.52	29.12
Advertisement Expense	58.84	22.10
Business Promotion Expense	20.77	33.39
Entertainment & Hospitality Expenses	5.84	6.67
Meeting and Conference Expense	0.90	3.80
Communication cost	6.14	4.63
Travelling and conveyance	264.87	164.65
Printing and stationary	15.31	15.37
Legal expenses	8.24	44.32
Consultancy & Professional expenses.	173.58	185.37
Bank charges	2.67	5.82
Auditors' remuneration	8.25	7.30
Delay payment charges	0.69	2.61
Loss on sale of property, plant and equipment (net)	0.80	0.29
Liquidation damages	-	18.75
Office expenses	25.49	18.33
Sponsorship	5.12	-
Expenses incurred for SPV's**	288.05	120.69
Technical / IT Services expenses	1.00	2.78
Other Expenses on NFMS	3.47	-
Miscellaneous expenses	3.32	7.66
	1,812.63	**1,292.92**
Direct Cost reimbursable from SPV	(282.22)	(120.69)
Indirect Cost reimbursable from SPV	(216.84)	(72.61)
	1,313.57	**1,099.62**

*Details of auditors remuneration are as under :

Statutory auditor		
As auditors		
- Audit fees	4.50	4.20
- Tax audit	2.00	1.60
Internal auditor		
- Audit fees	1.75	1.50
	8.25	**7.30**

Notes forming part of Financial Statements for the year ending 31 March, 2023

**Expenses incurred for SPV's represents direct expenses (such as survey, advertisement, consultant fees) and indirect expenses (such as Office rent, Vehicle hire charges, power & fuel and maintenance of office building) incurred by the company on behalf of SPV's and are recovered from SPV's. The reimbursement is shown as deduction to the other expense for true and fair view of expenses incurred by the company related to its operations.

(All amounts in ₹ lakh, unless stated otherwise)

38 Impairment on assets classified as held for sale

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Impairment expense - On assets classified as held for sale	2.56	970.79
	2.56	**970.79**

Refer note 18.2 for details

39 Tax expense

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Current tax		
Tax pertaining to current year	5,191.83	1,789.87
Tax pertaining to earlier years	(15.91)	-
Deferred tax expense/(credit)	(519.54)	(205.47)
	4,656.38	**1,584.40**

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 25.168% (previous year 25.168%)

Accounting profit before income tax	**18,635.28**	**6,886.90**
At country's statutory income tax rate of 25.168%	4,690.13	1,733.29
Adjustments in respect of taxes earlier years		
(i)Non-deductible expenses for tax purposes	(17.84)	4.04
(ii)Non-taxable incomes		(152.93)
(iii)Earlier year taxes	(15.91)	
(iv)Deferred tax on allowable provisional expenditure of earlier year		
(v)Deferred tax change due to rate change		
	4,656.38	**1,584.40**

40 Basic/diluted earnings per share

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Net profit for the year	**13,978.90**	**5,302.50**
Weighted average number of equity shares for EPS	85,500	85,500
Par value per share (in ₹)	10	10
Earnings per share - Basic and diluted (in ₹)	**16,350**	**6,202**

(All amounts in ₹ lakh, unless stated otherwise)

41 Revenue from contracts with customers under Ind AS 115 are as follow:-

A The Company is engaged in providing following services-

RECPDCL provides consultancy services in Power Sector to states/Union Territories under various central/state Government schemes such as Third Party Inspection Agency (TPIA)/Project Management Agency (PMA)/Project Management Consultancy (PMC)/ Project Implementing Agency (PIA) etc. under Deendayal Upadhyaya Gram Jyoti Yojana(DDUGJY)/Integrated Power Development Scheme (IPDS)/Prime Minister Development Program (PMDP)/ Restructured Accelerated Power Development and Reforms Program (R-APDRP)/Backward Regions Grant Fund (BRGF)/ Revamped Distribution Sector Scheme (RDSS) and other state schemes. The major activities undertaken in these types of projects include inspection of Village Electrification, Substation and Feeder inspection & Material inspection, Survey & preparation of Detailed project report, assisting DISCOMS in bid management, supervision & monitoring of electrical infrastructure work, assisting Distribution Companies (DISCOMs) in closure of the project, getting executed the electrical infrastructure work etc. Ministry of Power has appointed the Company as Bid Process Coordinator (BPC) for Inter State Transmission Systems across the country on Tariff Based Competitive Mode. Some of the State Government has also appointed the company as BPC for intra state transmission projects under TBCB route. The company is conducting the bidding process for ISTS projects, starting from selection of qualified bidders to handing over of the Special Purpose Vehicle to the lowest bidder. The company is also working in Smart Metering Projects/ Smart Grid and Information Technology (IT) projects/ National Feeder Monitoring Scheme (NFMS) as Project Implementing Agency (PIA)/Project Management Agency (PMA). The company has been appointed Bid Process Coordinator (BPC) under Scheme for flexibility in Generation and Scheduling of Thermal / Hydro Power Stations through bundling with Renewable Energy and Storage Power, 2022.

B Significant management judgments on revenue recognition

Recognized amounts of contract revenues and related receivables when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue from the contracts recognized over the period of time as and when the performance obligation is satisfied based on management's best estimates of each contract's outcome and stage of completion which is determined based on progress, efforts, cost incurred to date bear to the total estimated cost of the transaction, time spend, service performed (generally mentioned in the contracts with the customer) or any other method that management considered appropriate. When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

Also, while allocating that transaction price to the specific performance obligations identified in the contract. The transaction price is allocated to the performance obligations based on its relative standalone selling price, which generally is not readily available, hence management estimates the standalone selling prices basis upon its experience and contractual negotiations.

C Segregation of revenue

RECPDCL's revenue mostly comes from core business of sale of services as consultancy (PMA/PMC, TPIA, Project Implementation Agency, Bid Process Coordinator, Quality Control Projects in power sector and some turnkey projects of Solar/IT implementation from projects within India). In case of execution of IT/Solar implementation projects revenue is recognized at a point in time specifically when the control of goods/services is transferred to the customer. In case of the selection of bidders/developers for transmission projects put on tariff based bidding revenue is recognized at a point in time when it is reasonably certain that the ultimate collection of the professional charges will be made. The total business portfolio of RECPDCL includes various Central/State Govt. entities e.g. State Distribution Companies (DISCOM), Power and Electricity Departments of States/UTs, Central Public Sector Undertaking (CPSUs) and selected bidders in private & public sectors.

In accordance with Ind AS 115, for disaggregation of the Company's revenue from contracts with customers has been done on the basis of different type service provided by the company. For detail of disaggregation pl. refer note no.29 on Revenue from Operation.

(All amounts in ₹ lakh, unless stated otherwise)

D Reconciliation of revenue recognized with contract price

Particular	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Contract price	28,484.41	16,001.02
Adjustments for:		
Rebates and discounts	-	-
Revenue from contracts with customers	**28,484.41**	**16,001.02**

For detail of contract price pl. refer note no.29 on Revenue from Operation.

E Contract balances

Particulars	As at 31 March, 2023	As at 31 March, 2022
Assets		
Trade Receivables (net of provisions)	11,443.07	10,064.63
Contract assets		
Contract assets*	2,483.05	2,090.96
Cost of fulfillment carried forward**		-
Contract liability		
Contract Liability***	700.82	9.45
Deferred income****		-

***Contract assets** are the unbilled revenue that has been recognized due to satisfaction of the performance obligation, but the invoicing of the same is pending.

****Cost of fulfillment** relates to contract assets recognized equivalent to the recoverable costs incurred in fulfilling a contract (contract related) with a customer , which generates or enhances the resources of the entity that will be used in satisfying the future performance obligations.

*****Contract Liability** is advance from customer, where money has been received and performance obligations are not yet satisfied.

******Deferred income** are contract liabilities , where performance obligations are not yet satisfied.

(All amounts in ₹ lakh, unless stated otherwise)

F Reconciliations of Contract assets

Particular	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Opening balance	2,090.96	2,174.20
Invoices raised during the year	(1,913.55)	(1,616.71)
Contract assets recognized during the year	2,315.47	2,090.96
Reversal of previous year's contract assets	(9.83)	(557.49)
Closing balance	**2483.05**	**2090.96**

G Reconciliations of Contract liability

Opening balance	9.45	1.05
Revenue recognized during the year		(1.05)
Addition during the year	691.37	9.45
Closing balance	**700.82**	**9.45**

(All amounts in ₹ lakh, unless stated otherwise)

J Remaining performance obligations

	As at 31 March, 2023	As at 31 March, 2022
Amount of the unsatisfied performance obligations (or	61,474.47	33,347.42

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period. It is expected that an amount of Rs. 13669.34 Lakh is expected to be recognized in next financial year. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized. The entity expects to satisfy the above performance obligations within the contracted terms.

K Company has not incurred any cost for obtaining contracts except administrative cost required for preparation of offers and the same is charged to Statement of Profit and Loss.

42 Advance for deposit work:

UT of Jammu & Kashmir & UT of Ladakh through their respective company / department has appointed RECPDCL (erstwhile REC Power Distribution Company Limited) as a Project Implementing Agency (PIA) for design, engineering, procurement, supply, erection, testing and commissioning of all the material and services works to be taken-up for execution of distribution work under RAPDRP, IPDS, PMDP (U) ,PMDP-15, Smart Metering on nomination basis, as per actual cost to be discovered through competitive biddings. RECPDCL has also been appointed as material procurement agency under Saubhagya and DDUGJY Schemes for north eastern states by REC Limited. Further Chandigarh Electricity Department (CED) has appointed RECPDCL as implementing agency for installation of smart meters and SCADA and for laying the underground cable work. The funds received for disbursement to various agencies under the above stated schemes/departments are kept in a separate bank account (saving account). The undisbursed funds for the scheme including interest earned thereto are classified under "Advance for Deposit Work" under the head "Other Financial Liabilities (Current)".

During the year, interest earned of ₹ 1238.00 lakh (Previous year ₹ 544.43 lakh) has been taken to advance for deposit work account. Further, during the year, an amount of ₹831.65 lakh (Previous year ₹ 2,387.32 lakh) has been refunded back to MoP out of the total interest on advance for deposit work.

The movement of Advance for deposit work is explained as under:

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Opening Balance	10642.28	22185.58
Add: Amount received during the year	51,409.56	15,129.86
Less: Amount refunded to Govt. during the year	(3,698.77)	-
Less: Disbursement during the year	(47,618.75)	(26,673.16)
Closing Balance	**10,734.32**	**10,642.28**

The movement of interest on Advance for deposit work is explained as under:

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Opening balance	825.94	2,668.83
Add: Interest earned during the year	1,238.00	544.43
Less: Interest refunded during the year	(831.65)	(2,387.32)
Closing Balance	**1,232.29**	**825.94**

(All amounts in ₹ lakh, unless stated otherwise)

43 Government fund for schemes

11 kV Rural Feeder Monitoring Scheme is being implemented by the Company, sanctioned under Power System Development Fund (PSDF) on Pan India basis on the behalf of Ministry of Power- GoI. The sole objective of the scheme is to monitor quality & quantity parameter of rural power supply across the country. Under the scheme, Modems/DCUs are being installed on 11 kV Outgoing Rural, Agriculture and Mixed (i.e. Rural + Agriculture) feeder meters on such 66/33 kV incoming Feeder from where such 11 kV feeder are emanating. The work includes supply, installation, commissioning of Modems & integration with Central MDAS with Operation & Maintenance of Modems/DCUs for a year of 5 years' post Go-Live. The funding of scheme is being done through 2 sources, mainly from PSDF and through DDUGJY enabling activity.

The undisbursed funds for the scheme including interest earned thereto are classified under "Government Fund for Schemes" under the head "Other Financial Liabilities (Current)" and recoverable fund (if any) is classified under "Recoverable from Ministry of Power, Government of India" under the head "Other Financial Assets (Current)".

During the year, interest earned of ₹ 6.33 lakh (previous year ₹ 13.35 lakh) has been credited to the Government fund for the scheme.

(All amounts in ₹ lakh, unless stated otherwise)

44 Related party transactions

In accordance with the requirements of Indian Accounting Standard – 24 the names of the related parties where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and year end balances with them as identified and certified by the management are given below:

a. Details of related parties:

Description of relationship	Names of related parties
Ultimate holding Company	Power Finance Corporation Limited
Holding company	REC Limited (Formerly Rural Electrification Corporation Limited)
Society registered for undertaking CSR activities	REC Foundation
Associate Companies (existing on the date of closing)	Mandar Transmission Limited (w.e.f. 26 March, 2018)
	Koderma Transmission Limited (w.e.f. 19 March, 2018)
	Dumka Transmission Limited (w.e.f. 25 March, 2018)
	Chandil Transmission Limited (w.e.f. 14 March, 2018)
	Bidar Transmission Limited (w.e.f. 8 June, 2020)
	Sikar Khetri Transmission Limited (w.e.f. 6 May, 2022)
	KPS1 Transmission Limited (w.e.f. 6 May, 2022)**
	Ramgarh II Transmission Limited (w.e.f. 20 April, 2022)
	Beawar Transmission Limited (w.e.f. 27 April, 2022)
	Khavda II-D Transmission Limited (w.e.f. 25 April, 2022)*
	Luhri Power Transmission Limited (w.e.f. 28 October, 2022)
	Meerut Shamli Power Transmission Limited (w.e.f. 14 December, 2022)
	NERES XVI Power Transmission Limited (w.e.f. 10 January, 2023)

* Khavda II-D scheme has been denotified by the Ministry of Power. The compnay is under process of strike off.
** KPS1 Transmission Limited has been tranferred to the successful bidder on 20.04.2023.

Associate Companies (transferred during the Financial year)	Rajgarh Transmission Limited (06.06.2020 to 30.05.2022)
	MP Power Transmission Package-I Limited (04.08.2020 to 21.01.2023)
	ER NER Transmission Limited (06.10.2021 to 10.10.2022)
	Neemuch Transmission Limited (12.04.2022 to 24.08.2022)
	Gadag II A Transmission Limited (08.06.2022 to 08.11.2022)
	WRSR Power Transmission Limited (22.09.2022 to 18.01.2023)
	Khavda II-A Transmission Limited (19.04.2022 to 28.03.2023)
	Khavda II-B Transmission Limited (21.04.2022 to 21.03.2023)
	Khavda II-C Transmission Limited (22.04.2022 to 21.03.2023)
	KPS3 Transmission Limited (29.04.2022 to 21.03.2023)
	KPS2 Transmission Limited (04.05.2022 to 21.03.2023)
	Khavda RE Transmission Limited (07.05.2022 to 21.03.2023)
	ERWR Power Transmission Limited (27.09.2022 to 21.03.2023)

Key management personnel (KMP)

The Company is a wholly owned subsidiary of REC Limited, a Govt. of India Enterprise. The Key Managerial Personnel of the Company are employees of the Holding Company (REC Limited) deployed on part time basis. The details of such Key Managerial Personnel are as follows: -

Name	Designation	Tenure		Date of Appointment
		From	To	
Sh. R. Lakshmanan (IAS)	Chief Executive Officer	10 January, 2020	13 November, 2022	10 January, 2020
Sh. Sudhir Kumar Gangadhar Rahate	Chairman & Director	22 February, 2022	16 May, 2022	22 February, 2022
Sh. Vivek Kumar Dewangan	Chairman & Director	17 May, 2022		17 May, 2022
Sh. Rahul Dwivedi	Chief Executive Officer	14 November, 2022		14 November, 2022
Sh. Sanjay Kumar	Director	16 March, 2020		16 March, 2020
Sh. V.K. Singh	Director	12 June, 2020		12 June, 2020
Sh.. Ajoy Choudhury	Director	25 March, 2019		25 March, 2019
Sh. Mohan Lal Kumawat	Company Secretary	13 March, 2007		13 March, 2007
Sh. Sahab Narain	CFO	26 Sept, 2021		26 September, 2021

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b. **Transactions with Holding Company and KMP are as under:**

	Year ended	Holding Company	Society registered for undertaking CSR activities	Key management personnel
(i) Transactions during the year				
Services rendered	Year ended 31 March, 2023	354.03	-	-
	Year ended 31 March, 2022	1,263.49	-	-
Services received from related party	Year ended 31 March, 2023	2,440.66	-	-
	Year ended 31 March, 2022	1,996.52	-	-
Remuneration to KMP's (through Holding Company)	Year ended 31 March, 2023	-	-	114.91
	Year ended 31 March, 2022	-	-	106.12
Reimbursement of expenditure incurred by the Company on behalf of the related party	Year ended 31 March, 2023	-	-	-
	Year ended 31 March, 2022	-	-	
Interest income from investment in tax free bonds	Year ended 31 March, 2023	369.52	-	-
	Year ended 31 March, 2022	455.52	-	-
Dividend on equity shares	Year ended 31 March, 2023	2,744.56	-	-
	Year ended 31 March, 2022	2,242.67	-	-
(ii) Outstanding Balances at year end				
Amount payables	Year ended 31 March, 2023	669.79	-	-
	Year ended 31 March, 2022	597.76	-	-
Amount receivables	Year ended 31 March, 2023	146.22	-	-
	Year ended 31 March, 2022	641 33	-	-
Non-current/Current investment (Investment in tax free bonds, NCD's & Staggered papers incl. of accrued interest)	Year ended 31 March, 2023	4,666.01	-	-
	Year ended 31 March, 2022	5,894.68	-	-
Other current liabilities	Year ended 31 March, 2023	-	-	-
	Year ended 31 March, 2022	-	-	-

With respect to the key management personnel, disclosure has been given for those relatives with whom the Company has made transactions during the year. (if any)

(All amounts in ₹ lakh, unless stated otherwise)

Key management personnel remuneration includes the following expenses:

	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Short-term employee benefits	89.12	93.05
Post-employment benefits	25.79	13.07
Total remuneration	**114.91**	**106.12**

Note:
As provisions for gratuity and leave benefits are made for the Company as a whole, the amounts pertaining to the Key management personnel are not specifically identified and hence are not included above.

c. **Transactions with associates are as under:**

	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	-	-
(i) Dumka Transmission Limited (w.e.f. 25 March, 2018:)		
Interest income	-	-
Reimbursement/ expenses reimbursement	-	0.44
Advance received from parties	-	-
Investment made	-	-
(ii) Chandil Transmission Limited (w.e.f. 14 March, 2018:)		
Interest income	-	-
Reimbursement/ expenses reimbursement	-	0.44
Advance received from parties	-	-
Investment made	-	-
(iii) Mandar Transmission Limited (w.e.f. 26 March, 2018:)		
Interest income	-	-
Reimbursement/ expenses reimbursement	-	0.44
Advance received from parties	-	-
Investment made	-	-
(iv) Koderma Transmission Limited (w.e.f. 19 March, 2018)		
Interest income	-	-
Reimbursement/ expenses reimbursement	-	0.44
Advance received from parties	-	-
Investment made	-	-
(v) Bidar Transmission Limited (w.e.f. 8 June, 2020)		
Interest income	0.07	-
Reimbursement/ expenses reimbursement	10.28	1.65
Advance received from parties	-	-
Investment made	-	-
(vi) Sikar Khetri Transmission Limited (w.e.f. 06 May, 2022)		
Interest income	3.47	0.13
Reimbursement/ expenses reimbursement	67.99	10.69
Advance received from parties	-	-
Investment made	5.00	-
(vii) KPS 1 Transmission Limited (w.e.f. 6 May, 2022)		
Consultancy fee	-	-
Interest income	2.35	-
Reimbursement/ expenses reimbursement	59.34	-
Advance received from parties	-	-
Investment made	5.00	-
Sale of investments	-	-
(viii) Ramgarh II Transmission Limited (w.e.f. 20 April, 2022)		
Consultancy Fees	-	-
Interest income	3.56	0.13
Reimbursement/ expenses reimbursement	70.27	10.69
Advance received from parties	-	-
Investment made	5.00	-
Sale of investments	-	-

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	For the year ended 31 March, 2023	For the year ended 31 March, 2022
(ix) Beawar Transmission Limited (w.e.f. 27 May, 2022)		
Interest income	3.66	0.10
Reimbursement/ expenses reimbursement	71.78	11.13
Investment made	5.00	-
Sale of investments	-	-
(x) Khavda II-D Transmission Limited (w.e.f. 25 April, 2022)		
Interest income	-	-
Reimbursement/ expenses reimbursement	-	-
Advance received from parties	-	-
Investment made	5.00	-
Sale of investments	-	-
(xi) Luhri Power Transmission Limited (w.e.f. 28 October, 2022)		
Consultancy Fees	-	-
Interest income	1.16	-
Reimbursement/ expenses reimbursement	48.97	-
Advance received from parties	-	-
Investment made	5.00	-
(xii) Meerut Shamli Power Transmission Limited (w.e.f. 14 December, 2022)		
Interest income	0.51	-
Reimbursement/ expenses reimbursement	42.77	-
Investment made	5.00	-
(xiii) NERES XVI Power Transmission Limited (w.e.f. 10 January, 2023)		
Interest income	0.22	-
Reimbursement/ expenses reimbursement	18.54	-
Investment made	5.00	-
(xiv) Rajgarh Transmission Limited (w.e.f. 6 June, 2020 to 30 May, 2022)		
Consultancy Fees	500.07	-
Interest income	0.78	2.62
Reimbursement/ expenses reimbursement	19.96	34.30
Advance received from parties	-	41.30
Sale of investments	5.00	
(xv) MP Power Transmission Package-I Limited (w.e.f. 4 August, 2020 to 21 January, 2023)		
Consultancy Fees	407.53	-
Interest income	15.63	14.45
Reimbursement/ expenses reimbursement	59.72	85.95
Sale of investments	5.00	-
(xvi) ER NER Transmission Limited (w.e.f. 6 October, 2021 to 10 October, 2022)		
Consultancy Fees	590.00	-
Interest income	3.38	1.17
Reimbursement/ expenses reimbursement	74.67	29.86
Advance received from parties	-	4.70
Sale of investments	5.00	-
Investment made	-	5.00
(xvii) Neemuch Transmission Limited (w.e.f. 12 April, 2022 to 24 August, 2022)		
Consultancy Fees	1663.72	-
Interest income	1.10	0.13
Reimbursement/ expenses reimbursement	53.28	10.69
Sale of investments	5.00	-
Investment made	5.00	-
(xviii) GADAG IIA Transmission Limited (w.e.f. 08 June, 2022 to 08 November, 2022)		
Consultancy Fees	590.00	-
Interest income	2.17	0.10
Reimbursement/ expenses reimbursement	60.92	11.13
Sale of investments	5.00	-
Investment made	5.00	-
(xix) WRSR Power Transmission Limited (w.e.f. 22 September, 2022 to 18 January, 2023)		
Consultancy Fees	1770.00	-
Interest income	1.53	-
Reimbursement/ expenses reimbursement	53.51	-
Sale of investments	5.00	-
Investment made	5.00	-

(All amounts in ₹ lakh, unless stated otherwise)

(xx)	**KHAVDA IIA Transmission Limited (w.e.f. 19 April, 2022 to 28 March, 2023)**		
	Consultancy Fees	1770.00	-
	Interest income	2.65	-
	Reimbursement/ expenses reimbursement	70.10	-
	Sale of investments	5.00	-
	Investment made	5.00	-
(xxi)	**KHAVDA IIB Transmission Limited (w.e.f. 21 April, 2022 to 21 March, 2023)**		
	Consultancy Fees	1770.00	-
	Interest income	2.64	-
	Reimbursement/ expenses reimbursement	71.06	-
	Sale of investments	5.00	-
	Investment made	5.00	-
(xxii)	**KHAVDA IIC Transmission Limited (w.e.f. 22 April, 2022 to 21 March, 2023)**		
	Consultancy Fees	1770.00	-
	Interest income	2.66	-
	Reimbursement/ expenses reimbursement	70.81	-
	Sale of investments	5.00	-
	Investment made	5.00	-
(xxiii)	**KPS3 Transmission Limited (w.e.f. 29 April, 2022 to 21 March, 2023)**		
	Consultancy Fees	1048.42	-
	Interest income	3.54	0.13
	Reimbursement/ expenses reimbursement	76.32	10.69
	Sale of investments	5.00	-
	Investment made	5.00	-
(xxiv)	**KPS2 Transmission Limited (w.e.f. 04 May, 2022 to 21 March, 2023)**		
	Consultancy Fees	1023.98	-
	Interest income	2.90	0.13
	Reimbursement/ expenses reimbursement	89.73	10.69
	Sale of investments	5.00	-
	Investment made	5.00	-
(xxv)	**KHAVDA RE Transmission Limited (w.e.f. 07 May, 2022 to 21 March, 2023)**		
	Consultancy Fees	1366.59	-
	Interest income	2.34	-
	Reimbursement/ expenses reimbursement	64.95	-
	Sale of investments	5.00	-
	Investment made	5.00	-
(xxvi)	**ERWR Power Transmission Limited (w.e.f. 27 September, 2022 to 21 March, 2023)**		
	Consultancy Fees	590.00	-
	Interest income	1.42	-
	Reimbursement/ expenses reimbursement	56.88	-
	Sale of investments	5.00	-
	Investment made	5.00	-

d. Outstanding balances w.r.t. associates are as under

Receivable from associates/(Payable to associates)	**As at 31 March, 2023**	**As at 31 March, 2022**
Chandil Transmission Limited	254.43	253.75
Dumka Transmission Limited	248.24	247.57
Mandar Transmission Limited	222.50	221.82
Koderma Transmission Limited	228.18	227.51
Bidar Transmission Limited	10.08	(1.05)
Rajgarh Transmission Limited	-	28.18
MP Power Transmission Package-I Limited	-	199.03
ER NER Transmission Limited	-	28.38
Ramgarh II Transmission Limited	69.60	10.82
Sikar Khetri Transmission Limited	67.30	10.82
Neemuch Transmission Limited	-	10.82
KPS2 Transmission Limited	-	10.82
KPS3 Transmission Limited	-	10.82
Beawar Transmission Limited	70.94	11.23
Gadag II A Transmission Limited	-	11.22
KPS1 Transmission Limited	58.35	-
Khavda II-D Transmission Limited	(1.79)	-
Lahri Power Transmission Limited	48.15	-
Meerut Shamli Power Transmission Limited	43.29	-
NERES XVI Power Transmission Limited	18.76	-
	1,338.03	**1,281.72**

(All amounts in ₹ lakh, unless stated otherwise)

Investments in SPVs	As at 31 March, 2023	As at 31 March, 2022
Chandil Transmission Limited	5.00	5.00
Dumka Transmission Limited	5.00	5.00
MandarTransmission Limited	5.00	5.00
KodermaTransmission Limited	5.00	5.00
Bidar Transmission Limited	5.00	5.00
Rajgarh Transmission Limited	-	5.00
MP Power Transmission Package-I Limited	-	5.00
ER NER Transmission Limited	-	5.00
Sikar Khetri Transmission Limited	5.00	-
KPS1 Transmission Limited	5.00	-
Ramgarh II Transmission Limited	5.00	-
Beawar Transmission Limited	5.00	-
Khavda II-D Transmission Limited	5.00	-
Luhri Power Transmission Limited	5.00	-
Meerut Shamli Power Transmission Limited	5.00	-
NERES XVI Power Transmission Limited	5.00	-
	65.00	**40.00**

e. **Advances/dues from directors & other key officers of the company:**

Designation of officer	As at 31 March, 2023	Maximum amount outstanding for the year ended 31 March, 2023	As at 31 March, 2022	Maximum amount outstanding for the year ended 31 March, 2022
Chairman	NIL	NIL	NIL	NIL
Company Secretary	NIL	NIL	NIL	NIL

(All amounts in ₹ lakh, unless stated otherwise)

45 Employee benefit obligations

Defined contribution plans

The Company makes contributions to the Provident Fund for all eligible employees. Under the plan, the Company is required to contribute a specified percentage of payroll costs. Accordingly, the Company has recognized ₹ 36.83 lakh as expense in the statement of profit and loss during the current year (Previous Year ended 31 March, 2022 ₹ 32.87 lakh).

Other long term employee benefit plans

i. **Leave encashment (Compensated absence)**

The Employees are entitled for Leave encashment after completion of one year of service only and amount is paid in full, at the time of separation. The liability for the same is recognized on the basis of actuarial valuation basis.

The following table sets out the funded status of other long term employee benefit plans and the amount recognized in the financial statements:

	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Components of Employee expense	**Leave encashment**	**Leave encashment**
Current service cost	13.15	13.88
Interest cost	2.86	3.89
Actuarial loss/(gain)	(0.91)	(7.10)
Total	**15.10**	**10.67**

	As at 31 March, 2023	As at 31 March, 2022
Net defined benefit liability/ (asset) recognized	**Leave encashment**	**Leave encashment**
Current	1.52	1.84
Non-current	25.26	38.01
Present value of obligation at year end	**26.78**	**39.85**

Change in obligations during the year	For the year ended 31 March, 2023	For the year ended 31 March, 2022
	Leave encashment	**Leave encashment**
Present value at beginning of the year	39.85	57.35
Current service cost	13.15	13.88
Interest cost	2.86	3.89
Actuarial loss/(gain)	(0.91)	(7.10)
Benefits paid	(28.17)	(28.17)
Present value at the end of the year	**26.78**	**39.85**

Actuarial assumptions		
Discount	7.38%	7.18%
Expected return on plan assets	NA	NA
Salary escalation	6.00%	6.00%
Attrition		
Upto 30 Years	3.00%	3.00%
From 31 to 44 Years	2.00%	2.00%
Above 44 Years	1.00%	1.00%
Method used **	PUCM	PUCM

*The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary takes into account the inflation, seniority, promotion, increments and other relevant factors.

**Projected unit credit method (PUCM)

(All amounts in ₹ lakh, unless stated otherwise)

Maturity profile of obligations - Leave encashment

Sr. No.	Year	For the year ended 31 March, 2023	For the year ended 31 March, 2022
a)	0 to 1 Year	1.52	1.84
b)	1 to 2 Year	0.54	0.80
c)	2 to 3 Year	0.53	0.76
d)	3 to 4 Year	0.53	0.75
e)	4 Year onwards	23.66	35.69

Sensitivity analysis in respect of obligation*

Particulars		Leave encashment	
a) Impact of the change in discount rate		**For the year ended 31 March, 2023**	**For the year ended 31 March, 2022**
	Present value of obligation at the end of the year	**26.78**	**39.85**
a)	Impact due to increase of 0.50 %	(2.31)	(3.30)
b)	Impact due to decrease of 0.50 %	2.54	3.67
b) Impact of the change in salary increase			
	Present value of obligation at the end of the year	**26.78**	**39.85**
a)	Impact due to increase of 0.50 %	2.58	3.70
b)	Impact due to decrease of 0.50 %	(2.33)	(3.35)

*Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.
*Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

(All amounts in ₹ lakh, unless stated otherwise)

46 Financial instruments

i) Financial instruments by category measured at amortized cost:

Particulars	As at 31 March, 2023	As at 31 March, 2022
Financial assets		
Investments*	7,671.41	8,871.41
Trade receivables	11,443.07	10,064.63
Cash and cash equivalents	969.87	1,459.03
Other bank balances	32,770.21	15,864.47
Other financial assets (Note 7 & Note 15)	10,186.26	9,214.17
Total	**63,040.82**	**45,473.71**
Financial liabilities		
Borrowings	-	-
Trade payable	4,167.59	3,647.82
Other financial liabilities (Note 21 & Note 25)	15,804.93	14,487.07
Total	**19,972.52**	**18,134.89**

* Aggregate fair value of investment in tax free bonds, NCD's and staggered paper is ₹ 9039.03lakh (31 March, 2022 : ₹ 10,692.80 lakh)

ii) Fair values hierarchy

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

47 Financial risk management

i) Risk management

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 46. The main types of risks are credit risk, liquidity risk and market risk.

The Company's risk management is coordinated in close co-operation with the Board of Directors, and focuses on securing the Company's short to medium term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

A) Credit risk

a) Credit risk rating

The entity assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

The entity provides for expected credit loss based on the following:

Asset entity	Basis of categorization	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, investments and other financial assets	12 month expected credit loss
	Contract asset and trade receivable	Lifetime expected credit loss

(All amounts in ₹ lakh, unless stated otherwise)

Assets are written off when there is no reasonable expectation of recovery, such as litigation of debtor decided against the entity or funds not allocated against grant. The entity continues to engage with parties whose balances are written off and attempts to enforce repayment. The entity has written off certain irrecoverable debts.

Credit risk assets are as follows:

Credit rating	Particulars
A: Low credit risk	Cash and cash equivalents, other bank balances, loans, investments and other financial assets
B: Medium credit risk	Trade receivables
C: High credit risk	Trade receivables

b) Credit risk exposure

(i) Provision for expected credit losses

The entity provides for expected credit losses for following financial assets –

31 March, 2023

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Investments	7,671.41	-	7,671.41
Cash and cash equivalents	969.87	-	969.87
Other bank balances	32,770.21	-	32,770.21
Trade receivables	22,413.43	(10,970.36)	11,443.07
Other financial assets (Note 7 & Note 15)	10,235.11	(48.85)	10,186.26

31 March, 2022

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Investments	8,871.41	-	8,871.41
Cash and cash equivalents	1,459.03	-	1,459.03
Other bank balances	15,864.47	-	15,864.47
Trade receivables	18,336.63	(8,272.00)	10,064.63
Other financial assets (Note 7 & Note 15)	9,263.02	(48.85)	9,214.17

(ii) Expected credit loss for trade receivables under simplified approach

31 March, 2023

Particulars	Gross carrying value	Expected loss rate	Expected credit loss (provision)	Carrying amount (net of impairment)
< 6 months	9,738.31	15.08%	1,468.86	8,269.45
6 months - 1 year	3,120.84	35.17%	1,097.73	2,023.11
1 year - 2 year	2,131.89	62.87%	1,340.35	791.54
2 year - 3 year	1,630.71	89.96%	1,466.94	163.77
>3 Years	5,634.66	99.32%	5,596.48	38.18
Total	**22,256.41**	**49.29%**	**10,970.36**	**11,286.05**

(All amounts in ₹ lakh, unless stated otherwise)

31 March, 2022

Particulars	Gross carrying value	Expected loss rate	Expected credit loss (provision)	Carrying amount (net of impairment)
< 6 months	7,154.80	9.49%	679.10	6,475.70
6 months - 1 year	2,348.64	22.09%	518.83	1,829.81
1 year - 2 year	1,934.85	37.16%	719.00	1,215.85
2 year - 3 year	1,455.52	72.81%	1,059.70	395.82
>3 Years	5,442.82	97.29%	5,295.37	147.45
Total	**18,336.63**	**45.11%**	**8,272.00**	**10,064.63**

Note: The entity has measured the expected credit loss on trade receivables using simplified approach on lifetime basis. For the same the Company has used the practical expedient available under Ind AS 109 and computed the expected credit loss using the provision Metrix.

Reconciliation of loss provision – Trade receivables

Reconciliation of loss allowance	Amount
Loss allowance on 1 April, 2021	**8,650.12**
Provisions utilized (reversal against bad debts) during the year	(23.29)
Provision created during the year	(354.84)
Loss allowance on 31 March, 2022	**8,271.99**
Provisions utilized (reversal against bad debts) during the year	(22.45)
Provision created during the year	2,720.82
Loss allowance on 31 March, 2023	**10,970.36**

B) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves, back-up facilities such as deposits and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

Maturities of financial liabilities

All the financial liabilities of the Company are current in nature and are maturing within 12 months period, except for earnest money deposits and Performance bank guarantee which are recoverable in more than 12 months period. However expected date of the same is not determinable.

C) Market risk

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

Currency risk:

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

Interest rate risk

In current financial year there is no credit facility availed by the company.

Particular	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Floating rate borrowings (-0.5% Change in interest rate)	0.00	0.00
Floating rate borrowings (+0.5% Change in interest rate)	-	-

Price risk:

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

48 Capital Management

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

(All amounts in ₹ lakh, unless stated otherwise)

49 Contingent liabilities and commitments	As at 31 March, 2023	As at 31 March, 2022
i) Contingent Liabilities (to the extent not provided for)		
a) Claims against the company not acknowledged as debt		
Disputed tax demands		
(a) Income tax demand for AY 2017-18	29.86	29.86
(b) Income tax demand against notice U/s 245 of Income Tax Act for AY 2018-19	0.01	0.01
(c) Income tax demand against notice U/s 245 of Income Tax Act for AY 2019-20	1,462.13	1,462.13
Others		
(d) Outstanding claims of contractors pending in arbitration and courts	2,670.95	2,943.03
	4,162.95	**4,435.03**

(A) The amount referred in (a) above are against the demands raised by the Income Tax Department for AY 2017-18 against which an appeal has been filed before CIT (Appeals) and 20% of demand is deposited in FY 19-20 for ₹ 5.97 lakh. So the company is contesting this tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) The amount referred in (c) above are against the demand raised by the income tax department for the AY 2019-20 against which rectification request had already been submitted and is under consideration. So the management opine that the matter will be resolved soon.

(C) The amount referred in (d) above, is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Management reasonably expects that these legal actions, when ultimately concluded and determined, will not have a material and adverse effect on the Company's results of operations or financial condition.

(D) A commercial suit is filed against the company (RECPDCL) & Ors by Ms. Sumotek Innovation Pvt. Ltd ("Sumotek") before the High Court of Judicature at Bombay. RECPDCL has been marked as Defendant No 1 in the suit. Brihan Mumbai Electric Supply & Transport Undertaking (BEST) is Defendant No 2 and Adani Transmission Limited is Defendant No 3. It has been stated in the suit that a patent was registered in the name of one Girish M Bachate ("Patentee") in the name and title head of 'Pre-paid- Post Paid Electricity Supply Machine', which was registered as Patent, number 208216. The Patentee has subsequently assigned the same in favour of the Petitioner. The petition alleges that floating of the tender No. RECPDCL/BD/e-tender/20222023/73759N (by RECPDCL on behalf of BEST) for appointment of advanced metering infrastructure service provider for implementing prepaid smart metering project allegedly infringes patent in the name of Patentee (now assigned to the Petitioner) as the technology and process of developing the smart meters covered under the tender is similar and identical to the Pre-paid Post Paid Electricity Supply Machine, which was patented to the Patentee. Adani Transmission Limited has emerged as the successful bidder in the said tender. Therefore, claims have been made by the Petitioner against RECPDCL, BEST and Adani Transmission Limited inter-alia for payment of Rs. 10806.60 Lakh (towards royalty) + Rs. 2106.33 Lakh (against damages) along with interest and other charges etc. along with other reliefs.
Initially, RECPDCL had been appointed as project implementing agency by BEST for smart metering project and the tender on behalf of best has been floated accordingly by the RECPDCL for selection of suitable bidder for execution of the project. RECPDCL was only acting as an agent in the project and later on BEST has removed RECPDCL as PIA for the project and accordingly no such liability shall arise on RECPDCL due to this commercial suit and figure as mentioned above not shown in contingent liability.

ii) Commitments (to the extent not provided for)

(A) The company submitted performance bank gurantee to its service recipient as per requirement of the contact. The Un-expired performance bank guarantees as on 31.03.2023 is Rs. 2979.25 Lakh (Previous year Rs. 3106.29 Lakh). These bank guarantees are secured against current assets excluding earmarked balances for deposit works and government fund account, as indicated in Note 14 - Other bank balances.

(B) The outstanding commitment on account of CSR activities which are sanctioned prior to/ during the financial year is Rs. 165.58 Lakh (previous year Rs. 117.21 Lakh).

50 Impact of Covid-19 Outbreak

The Company has taken into account all the possible impacts of COVID-19 in preparation of the financial statements, including but not limited to its assessment of, recoverable values of its financial and non-financial assets, impact on revenue and cost, impact on investments and liquidity assumption. The Company has carried out this assessment based on internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material and expects to recover the carrying amount of its assets.

The Company deals with the Government departments or companies, it seems non-probable to the management that any of the customers of the Company will default any payments. There have been a few cases of delays in the collection, but the management estimates that these are receivable very soon, once the situations get normalised.

Considering the line of business of the Company, COVID-19 has not impacted the revenue recognition of the Company.

51 Impairment of non financial assets:

In the opinion of management, there is no impairment of the non financial assets of the Company in terms of IND AS-36. Accordingly, no provision for impairment loss has been made.

52 Leases

The Company has leases for office building, warehouses, office equipment and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

A Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Short-term leases		469.06
Total	**0.00**	**469.06**

B Total cash outflow for leases for the year ended 31 March, 2023 was ₹ NIL Lakh, (31 March, 2022 - ₹ 469.06 Lakh).

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Short term leases	-	469.06
Total	**0.00**	**469.06**

C The Company has total commitment for short-term leases of ₹ NIL lakh as at 31 March, 2023 (31 March, 2022 ₹ 325.93 lakh).

REC Power Development and Consultancy Limited
(Formerly REC Power Distribution Company Limited)

(All amounts in ₹ lakh, unless stated otherwise)

53 Ratios Analysis

Ratio	31 March, 2023			31 March, 2022			Analysis	
	Numerator	Denominator	Ratios	Numerator	Denominator	Ratios	% Variance	Reason for Variance
Current Ratio	49,262.48	23,929.26	2.06	32,430.45	18,803.82	1.72	19.37	
Return on Equity Ratio	13,978.90	38,476.21	0.36	5,302.50	31,329.12	0.17	114.66	refer pt. (a)
Trade Receivables Turnover Ratio	28,484.41	10,753.85	2.65	16,001.02	12,314.21	1.30	103.85	refer pt. (b)
Trade Payables Turnover Ratio	7,242.92	3,907.71	1.85	7,983.60	4,916.87	1.62	14.15	
Net capital Turnover Ratio	28,484.41	25,333.22	1.12	16,001.02	13,626.63	1.17	(4.25)	
Net Profit Ratio	13,978.90	28,484.41	0.49	5,302.50	16,001.02	0.33	48.09	refer pt. (c)
Return on Capital employed	18,653.21	44,093.38	0.42	7,148.22	32,859.04	0.22	94.46	refer pt. (d)

1. Current ratio - Numerator includes current assets and Denominator includes current liabilities
2. Return on Equity ratio - Numerator includes Net profit after taxes and Denominator includes average shareholders equity.
3. Trade receivable turnover ratio - Numerator includes Revenue from operations and Denominator includes average trade receivables.
4. Trade payable turnover ratio - Numerator includes Cost of services rendered and Denominator includes average trade payables.
5. Net capital turnover ratio - Numerator includes Revenue from operations and Denominator includes working capital (Current Assets - Current Liabilities).
6. Net profit ratio - Numerator includes profit after tax and Denominator includes Revenue from operations.
7. Return on capital employed - Numerator includes earning before interest and taxes and Denominator includes capital employed (Tangible networth plus total debt plus deferred tax liabilities).

Reasons for variation more than 25%

(a) Return on equity ratio improved due to increase in profit after tax.

(b) The ratio has been improved due to 100% collection of revenue recognised under TBCB business (BPC)-Transmission SPV, 100% receipt of revenue in PIA fee for transmission projects resulting in decrease in average net trade receivables.

(c) Net profit ratio improved due to significant increase in net income from TBCB business (BPC)-Transmission SPV by Rs. 9172.62 Lakh.

(d) Return on capital employed improved due to increase in profit before interest and tax.

54 Other notes

1 There were Eight opening associate companies (SPVs), in the previous years, namely Chandil Transmission Limited, Dumka Transmission Limited., Koderma Transmission Limited, Mandar Transmission Limited, Rajgarh Transmission Limited, Bidar Transmission Limited, MP Power Transmission Package-I Limited & ER NER Transmission Limited.

During the financial year 2022-23 eighteen number of associate companies (SPVs) namely Sikar Khetri Transmission Limited, KPS1 Transmission Limited, Ramgarh II Transmission Limited, Beawar Transmission Limited, Khavda II-D Transmission Limited, Luhri Power Transmission Limited, Meerut Shamli Power Transmission Limited, NERES XVI Power Transmission Limited, Neemuch Transmission Limited, Gadag II A Transmission Limited, WRSR Power Transmission Limited, Khavda II-A Transmission Limited, Khavda II-B Transmission Limited, Khavda II-C Transmission Limited, KPS3 Transmission Limited, KPS2 Transmission Limited, Khavda RE Transmission Limited & ERWR Power Transmission Limited have been incorporated.

Further, during FY 2022-23 thirteen number of associate companies SPVs namely Rajgarh Transmission Limited, MP Power Transmission Package-I Limited, ER NER Transmission Limited, Neemuch Transmission Limited, Gadag II A Transmission Limited, WRSR Power Transmission Limited, Khavda II-A Transmission Limited, Khavda II-B Transmission Limited, Khavda II-C Transmission Limited, KPS3 Transmission Limited, KPS2 Transmission Limited, Khavda RE Transmission Limited & ERWR Power Transmission Limited have been transferred to the successful bidders.

There are thirteen associates (SPVs) as at 31 March, 2023. Out of these 4 number SPVs of namely Chandil Transmission Limited, Dumka Transmission Limited., Koderma Transmission Limited & Mandar Transmission Limited are kept in abeyance, one no. of SPVs namely Khavda II-D Transmission Limited is under process of strike off.

II a) Government of Jharkhand vide its letter dated 21 August, 2017 had nominated Company as the Bid Process Coordinator for the development of Intra-State transmission elements of Jharkhand State through Tariff Based Competitive Bidding route. Further, Government of Jharkhand vide its letter dated 30 September, 2020, has decided to reinitiate the bidding process. Hence, the four projects namely Chandil Transmission Limited, Dumka Transmission Limited., Koderma Transmission Limited & Mandar Transmission Limited has been kept in abeyance w.e.f. 1 October, 2020. Provision of amount recoverable from these SPV's has been created in books of accounts.

b) The Government of India has appointed REC Power Development and Consultancy Limited as Bid Process coordinator for selection of the developer for the project Khavda II-D scheme. The company has been incorporated 25th April 2022. The scheme has been de-notified by the Ministry of Power, Power System Planning Appraisal Division - II vide its minutes of the meeting dated 07.11.2022 and proposed to be developed under (Regulated Tariff Method) RTM method instead of bidding route. Accordingly, the company is under process of strike off. The direct expenditure incurred on the project has been charged to statement of the profit & loss.

c) The Bidar Transmission Limited was incorporated on 08.06.2020. The bidding of the project had been put on hold as per the minutes of meeting held on 16.10.2020 of Ministry of Power, Power System Planning Appraisal Division - I. The bidding process has been reinitiated in M/o March 2023 after taking approval from the competent authority and in accordance to minutes of meeting dated 03.11.2022 of Ministry of Power, Power System Planning Appraisal Division -I.

III There are no foreign currency transactions during the year. Therefore no disclosures are required under Schedule III of the Companies Act, 2013.

IV The Company does not have more than 2 layers as specified in sub-rule (2) of Companies (Restriction on number of layers) Rules, 2017. As on 31.03.2023, the Company has 13 SPVs, In which it has directly invested and holds 100% of its shares. So Company does not violate the provision of Section 2(87) of companies Act.

V The Company presently operating in a single segment i.e. providing engineering consultancy services and therefore disclosure requirements of Ind AS 108 is not applicable. The company presently has single geographical segment, as all its project offices are located within the Country.

VI No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

VII During the Financial Year 2022-23, there is no transaction with companies Struck off under section 248 of the Companies Act, 2013.

VIII The code on social securtiy 2020 (Code) relating to employee benefit during employment and post employment benefit received presidential accent in September 2020. The code has been published in the Gazette of India. However, the date onwhich the code will come in to effect has not been notified. The company will assess the impact of the code when it comes in to effect and will record any related impact in the year the code becomes effective.

IX The company has no non material adjustment event after reporting period.

X As per the provision of the Companies Act, 2013 the figures have been rounded off to the nearest of lakh and decimal thereof.

XI Negative figures have been shown in bracket.

XII Previous year figures have been regrouped/reclassified wherever required.

Summary of significant accounting policies 1 to 3
The accompanying notes from 4 to 40 are integral part of the financial statements.
These are the financial statements referred to in our report of even date.

For **A. K. Batra & Associates**	For and on behalf of Board of Directors of
Chartered Accountants	**REC Power Development and Consultancy Limited**
Firm Registration No. 003499N	

A. K. Batra & Associates New Delhi Chartered Accountants

CA Manoj Garg	**Sanjay Kumar**	**Ajoy Choudhury**
Partner	Director	Director
Membership No. 074370	DIN - 08722752	DIN - 06629871

Place : New Delhi
Date: 16-5-2023

Form AOC-1

(Pursuant to provisio to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of Subsidiaries/ Associates/ Joint Ventures for the Year 2022-23

Part A: Subsidiaries

Statement Pursuant to Section 129(3) of the Companies Act,2013 related to Subsidiary Companies is not Applicable

Part B: Associates and Joint Ventures

Details of Associates

(Amount in lakhs)

	Name of Associates	Koderma Transmission Limited *	Chandil Transmission Limited *	Dumka Transmission Limited #	Mandar Transmission Limited #	Bidar Transmission Limited *	Sikar Khetri Transmission Limited *	KPS1 Transmission Limited *	Ramgarh II Transmission Limited *	Beawar Transmission Limited *	Khavda II-D Transmission Limited *	Luhri Power Transmission Limited *	Meerut Shamli Power Transmission Limited *	NERES XVI Power Transmission Limited #
1	Latest audited/ unaudited Balance Sheet Date	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23	31-Mar-23
2	Shares of Associate/Joint Ventures held by the company on the year end													
	Number	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Amount of Investment in Associates/ Joint Venture	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
	Extent of Holding (%)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3	Description of how there is significant influence	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1
4	Reason why the associate/joint venture is not consolidated **	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Networth attributable to Shareholding as per latest Balance Sheet	(228.43)	(254.78)	(209.55)	(187.47)	(10.33)	(66.96)	(57.19)	(69.30)	(70.90)	2.71	(45.63)	(38.29)	(13.76)
6	Profit / (Loss) for the year / period	(0.74)	(0.85)	(0.32)	(0.32)	(11.09)	(71.96)	(62.19)	(74.30)	(75.90)	(2.29)	(50.63)	(43.29)	(18.76)
i.	Considered in Consolidation **	-	-	-	-	-	-	-	-	-	-	-	-	-
ii.	Not Considered in Consolidation	(0.74)	(0.85)	(0.32)	(0.32)	(11.09)	(71.96)	(62.19)	(74.30)	(75.90)	(2.29)	(50.63)	(43.29)	(18.76)

** The latest audited Balance Sheet available for associates have been prepared on the basis of IND-AS.*

 # The latest management certified Balance Sheet available for associates have been prepared on the basis of IND-AS.

**Associates classified under held for sale and valued at cost or fair market value (less cost to sales) whichever is less, hence profit not considered.

Note : 1. The company is holding 100% of shares but these investments are managed as per the mandate from Government of India and company does not have the practical ability to direct the relevant activities of these companies unilaterally, hence treated as associate company.

Note : 2. Thirteen associates was transferred during FY 2022-23 whose details are as follows:

Name of SPV	Date of transfer
Rajgarh Transmission Limited	30.05.2022
Neemuch Transmission Limited	24.08.2022
ER NER Transmission Limited	10.10.2022
Gadag II-A Transmission Limited	08.11.2022
WRSR Power Transmission Limited	18.01.2023
MP Power Transmission Package-I Limited	21.01.2023
Khavda II-B Transmission Limited	21.03.2023
Khavda II-C Transmission Limited	21.03.2023
KPS3 Transmission Limited	21.03.2023
KPS2 Transmission Limited	21.03.2023
Khavda RE Transmission Limited	21.03.2023
ERWR Power Transmission Limited	21.03.2023
Khavda II-A Transmission Limited	28.03.2023

For **A. K. Batra & Associates**
Chartered Accountants
Firm Registration No. 003499N

CA Manoj Garg
Partner
Membership No. 074370
Place : New Delhi
Date: 16-5-2023

A. K. Batra & Associates
New Delhi
Chartered Accountants

For and on behalf of Board of Directors of
REC Power Development and Consultancy Limited

Sanjay Kumar	**Ajoy Choudhury**
Director	Director
DIN - 08722752	DIN - 06629871