

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF 'MANDAR TRANSMISSION LIMITED'

Disclaimer of Opinion

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

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the 'Basis for Disclaimer of Opinion' section of our Report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Despite our repeated requests from the management of the Company including the Board of Directors, we were not provided with adequate and sufficient documentation / information / clarifications on the below matters which we believe are material and pervasive to form an opinion on the financial statements.

1. The Company has deficit of Rs. 22,783.91 thousand as at 31st March, 2023 included under 'Other Equity' due to restatement / adjustment of the financial statements retrospectively as stated in Note 13 to the Financial Statements. The disclosure of the said amount of deficit is not in line with the model of the Company as 'in accordance to the applicable guidelines of Tariff Based Competitive Bidding ('TBCB') process as issued by Ministry of Power, Government of India, according to which "all the direct and indirect expenses, interest incurred by the Holding Company on behalf of SPV are debited to SPV and are recoverable from transmission service provider/successful bidder". Therefore, being the Company is a Special Purpose Vehicle ("SPV") of REC ***** ("Holding Company"), the said amount instead of being shown as "Capital Work in Progress" under "Assets", charged to the Statement of Profit & Loss retrospectively from the financial year 2019-20 which was contrary to TBCB guidelines thereby resulting in misstatement which materially affect the financial statements for the current /prior period. These financial statements therefore do not give a true and fair view of the state of affairs of the Company and are not in conformity with provisions as contained in Section 129 of the Companies



Act, 2013 ('Act') read with rules thereunder. The contravention of the provisions of the section invites penal provisions as contained in clause (7), where'.....in the absence of any of the officers mentioned above, all the directors shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.....'.

In addition to the aforesaid, as per information provided to us, the Holding Company has made a claim of Rs. 23,545.52 thousand as a carrying cost of the project [amount expensed] of the Company from Jharkhand Urja Sancharan Nigam Ltd ("JUSNL") as JUSNL has annulled bidding process through TBCB process by stating to having being incurred by it. That the aforesaid amount is an asset of the Company and receivable, no such disclosure is made or effect and for the expensed amount. The Holding Company in no satisfactory clarifications given of the receivable including its chances of recovery, which according to information provided to us are uncertain. Such non-disclosure will have a material impact on the financial statements of the Company in giving a true and fair and shall also attract penal provisions view as contained in Section 129 of the Companies Act, 2013 read with Rules thereunder.

2. (i) The Company without following procedure laid down in section 131 of the Companies Act, 2013 re-opened its books of accounts by recasting its financial statements of earlier year/s and restated retrospectively by adjusting the opening balances of the components inter alia Capital Work in Progress by Rs. 1,917.49 thousand, Other Current Assets by Rs. 1,536.61 thousand (Input of CGST & SGST) and Other Equity by Rs. 3,454.10 thousand (Retained Earnings) for the years ended 31st March, 2022 and 1st April, 2021.

(ii) Moreover, the Company has also not complied with Ind AS 8 (Accounting Policies Changes in Accounting Estimates and Errors), by restating figures of previous years retrospectively in Note 13 to Notes forming part of the financial statements by disclosing it as restated amounts due to change in Accounting Policy. Effect has been given of the stated change in the accounting policy but reference of such 'Change in Accounting Policy' has not been disclosed in the Accounting Policies or Notes to Accounts.

Non-Compliance of the provisions of Companies Act 2013 read with Indian Accounting Standards ("Ind AS") in the above matter, apart from attracting penal provisions contained in law, the financial statements are materially misstated in the context of the model / purpose of the Company for which it was formed.

3. Rs. 22,244.91 thousand payable to Holding Company is reported:

- (i) under the head Other Current Financial Liabilities instead of under Non-Current Liabilities under Borrowing / Unsecured Loans. This was envisaged in the meeting of the Board of Directors of the Company held on 15th May, 2019, resulting in contravention of disclosure requirements of Schedule III read with



Section 129 of the Companies Act 2013 inviting penal provisions under Section (7) of the 'Act.'

- (ii) In the Financial Statements for year ended 31st March 2023 of the Holding Company against the aforesaid outstanding shown under 'Amount Receivable from Associates', a provision for impairment of loss of Rs. 227.50 lakhs have been created. Holding Company, itself agreed that the chances of recovery are uncertain and hence provided the impairment loss in its financial statements. However, the said facts related to fewer chances of recovery and Holding Company has fully provided on the said recoverable amount not disclosed in the financial statements of the Company. The Company is fully supported by Holding Company in its passive operations and has no present or future potential of sourcing to repay the borrowing to the Holding Company. Such non-disclosure may have a material impact on the financial statements of the Company in giving a true and fair and to continue as a going concern and shall also attract penal provisions view as contained in Section 129 of the Companies Act, 2013 read with Rules thereunder.
 - (iii) No confirmation / reconciliation of balance payable to Holding Company is provided.
4. Significant Accounting Policy 1- Company Overview - does not take into account the reality of the status of the Company's Overview by not referring inter-alia the fact (i) That the Holding Company had annulled the RFQ and RFP process, (ii) as the bidding procedure has been annulled and therefore the stage of completion of the bid process and the successful bidder to acquire one hundred percent (100%) of the equity shares of the Company along with its related liabilities does not exist except the fact of the expensed amount on the project being asked to be paid to the Holding Company by Jharkhand Urja Sancharan Nigam Ltd and (iv) that the letter dated 30.09.2020 stated to be from The Government of Jharkhand instead of Jharkhand Urja Sancharan Ltd., advised the Holding Company to further re-initiate the bidding process once all approvals are obtained' and not what is stated in the Accounting Policy i.e. 'the Government of Jharkhand vide its letter dated 30.09.2020 has decided to reinstate the bidding process. The Accounting Policy apart from not being transparent, is contradictory and does not disclose clearly at the present stage, the expensed amount is being claimed and acquisition by bidder at least for the present will not arise, till fresh bidding process is undertaken.
5. Note no. 2.10 to Notes to Accounts- Expenditure incurred by Holding Company:
- A. (i) The heading of the note refers to the 'Expenditure incurred by the Holding Company'. The details following the note deals with the modalities of direct and indirect expenses including interest on funds deployed debited to the Company. It is a repetition of previous year note with additions inter alia (i) the manner of billing by Holding Company and booking of advises of the expenses so booked being recoverable from service provider/successful bidder (ii) Expenditure incurred for the Company by the Holding Company is considered as 'other current financial liabilities, incurred from (iii) Expenditure incurred from incorporation till transfer of Company to the successful bidder is charged to the Statement of



Profit and Loss, as the certainty on the construction of the project arises only after the issuance of LOI and transfer of SPV to the successful bidder.

- B. The note gives the impression that the Holding Company is continuing to debit expenditure as if the project is continuing and the Company is in operation. While the fact is that the Job has been cancelled effective 30.09.2020 and thereafter after 31.03.2021 Holding Company has ceased to charge even interest on funds deployed for the Company including any expenses except an insignificant expenditure in FY 2020-21.
- C. The note is silent regarding the fact that the Company continues to be non-operational ever since its incorporation to date and has not involved itself with any activities relating to its business on its own and that all activities for the company are undertaken by Holding Company required for stated to be undertaken by the Holding Company on the Company's behalf. Nothing was found in the Board minutes of the Company where progress or any related matter related to operations for which the Company was formed on March 26, 2018 was placed, discussed or deliberated, except in the initial stage on 15th May 2019 where the fact of Company being incorporated and expenses incurred will be recovered from the selected bidder, besides those expenses to be considered as borrowing etc. In fact, the Holding Company alone has been undertaking/continuing these activities which were undertaken by the Holding Company even prior to the incorporation of the Company and for all purposes the Company is a defunct and non-operational Company (a fact recorded in the Board minutes number of times) and even the Holding Company stopped debiting any expenses or interest on capital deployed for the Company effective 30.09.2020/31.03-2021 respectively. For activities undertaken by Holding Company on behalf of the Company, Holding Company invoices on proportionate shared basis as consultancy charges and the company incorporate the billing under different heads on its own, with no particulars in the billing.
- D. Besides, the foregoing note has unexplained contradictions e.g. (i) on the one hand it says all direct, indirect, interest incurred are recoverable and on the other that expenditure incurred from incorporation (no reference given for expenses booked includes substantial amount incurred by the Holding Company prior to incorporation of the Company and non-disclosure as Pre Incorporation Expenses in the Financial Statements all throughout the year/s) and (ii) restating prior period on expenditure incurred by Holding Company, as the job has been cancelled effective 30.09.2020, no such expenses / interest on capital deployed were debited post 30.09.2020/31.03.2021 respectively.

The disclosure in the Note to Accounts above is misleading that is fundamental to the understanding of the financial statements

6. The Income Tax Returns filed by the Company are not in consonance with the modality of the Company with which it was formed and operated. The Company has been filling loss returns by claiming the material part of expenses [excluding part amount considered as Capital Work-in Progress and GST as Current Asset] as loss, which are recorded as per Invoicing by Holding Company that includes cost of shared



expenses and interest on fund deployed. However, according to the applicable guidelines of TBCB process as issued by Ministry of Power, Government of India the entire expensed amount was recoverable from transmission service provider/successful bidder and was in the nature of Capital Work in Progress. Consequential financial effects, if any for violation of the applicable provisions as contained in the Income Tax Act, 1961 including in presentation of financial statements is not determinable/ascertainable.

7. Initially we were provided with the financial statements which were approved by the Board of Directors on 22nd May, 2023 and further restated Financial Statements were provided which were adopted by the Board in their meeting held on 9th October, 2023. The restated Financial Statements apart from changes in financial figures of current year and previous /prior periods, had number of Accounting Policies that were being referred in the years preceding deleted - Significant Accounting Policies - 2 inter-alia (iii) - Revenue Recognition, (iv) Property , Plant and Equipment, (v) Fair Value measurement (vi) Taxation- Partly, (vii) Impairment of Assets, (viii) Borrowing Costs, (xv) Partly amended and 3- Significant management judgments- Partly. In both the financial Statements new Accounting Policy is added No. (viii) in readopted and (xiii) in the original Financial Statements. Our repeated requests to the Board to clarify the changes including continuing with those which are either not applicable or adopted in the preparation of Financial Statements remained unheeded and unresponded. Contradictory, in regard to the added accounting policy - 2 (viii) Material prior period errors , which was adopted during the year by restating amounts retrospectively was as per Board Resolution of 22nd May, 2023 which was related to Capital work in progress (CWIP) and GST Output disclosed in Schedule 13 of the Financial Statements – Restated for the year ended 31st March, 2022 and 1st April, 2023 is contradictory to the Policy, as will be obvious with the note to Schedule reading “The Change in accounting policy shall be applied retrospectively” The disclosure in the financial statements is a misrepresentation of facts and as to how it should have been a matter of concern for which an expert opinion was expected to be provided to us. Non-inclusion of fundamental Accounting Policies and clustering with policies not adopted or applicable and compliance of Section 133 of the Act remain unexplained.

As a result of above matters, we were unable to determine whether any adjustments might have been found necessary or might be required to be given in these financial statements in respect thereof inter alia:

- (i) in respect of substantial deficit as at 31.03.2023
- (ii) re opening of Company's books of accounts by recasting its financial statements of earlier year/s and restated retrospectively
- (iii) status / confirmation / reconciliation towards amount due to Holding Company
- (iv) Amount expensed by the Company based on Holding Company Invoices and its recoverability due to the project cancelled from Jharkhand Urja Sancharan Nigam Ltd
- (v) Significant Accounting Policies and its contradictions
- (vi) Contradiction regarding company being active or non -operational all throughout its existence and
- (vii) Financial liability for claiming loss by filling false Income Tax Returns besides including under the Companies Act, 2013 for contravention of various provisions of the Act and the elements making up the Financial Statements, Significant Accounting Policies and Notes to Accounts.



Material Uncertainty related to Going Concern

The Company is a special purpose vehicle incorporated for "Selection of the developer for different transmission projects in different packages". The Government of Jharkhand vide Notification no. 03/06/17/2648 dated 21 August, 2017 has appointed RECPDCL (the Holding Company) as Bid Process Co-coordinator for selection of the developer for the project through tariff based competitive bidding process. However, as per information & explanations provided by the management, implementation of the aforesaid projects has been cancelled vide letter dated 30.09.2020 of the Government of Jharkhand by further stating to re-initiate the bidding process once all the approvals are obtained. Further, as per information & explanations provided to us, the Holding Company had annulled process of all 4 SPV's (including the Company) by communication vide letter dated 06.11.2020 and thereafter no progress has been made since 30.09.2020 regarding re-initiation of the bidding process and there are neither any indicators to suggest as to when it is expected to happen nor any indicators to suggest whether it would be re-initiated at all. As such, this situation indicates a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In spite of such an adverse situation, the financial statements have been prepared on a going concern basis.

Other Matter

The audit of the financial statements / information of the preceding year/s, since incorporation in respect of which amounts are re-stated with retrospective effect were audited by previous auditors.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related



to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Code of Ethics and Standards on Auditing issued by the Institute of Chartered Accountants of India and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our audit report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics by the ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the company.

Report on Other Legal and Regulatory Requirements

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

2. (i) The Statutory records including Minutes Books of the Board and Members books are not kept at the registered office of the Company in compliance to provisions as contained in Sections 88 and 118 of the Companies Act, 2013 read with Rules 25 Noncompliance/Default was also noted of Section 118 (1) read with Rule 25 .5 and Rule 25 (1) (d and (e) of The Companies (Management and Administration) Rules, 2014.

(ii) It appears that the registered office of the Company is not maintained at place in record with the R.O.C and has been changed to Gurgaon without complying with the provisions as contained in Clause (5) of Section 12 of the Companies Act, 2013. This assumption has arisen because four letters sent to the Board and three Directors of the Company via speed post were returned with the remark 'Left'. Therefore, it cannot be said that the registered office as communicated to us is 'capable of receiving and acknowledging all communications and notices as may be addressed to it.

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

(a) As described in the Basis for Disclaimer of Opinion paragraph, we sought but were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether proper books of account as



required by law have been kept so far it appears from the examination of only some extract of those books as access to books of accounts was not provided to us.

- (c) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion, we are unable to state whether, the Balance Sheet, the Statement of Profit and Loss, Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account, we are unable to comment as full access to books of accounts.
- (d) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid financial statements comply with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.
- (e) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion.
- (f) The Company is a Government Company; therefore, provisions of section 164(2) of the Act is not applicable pursuant to the Gazette Notification no. 463(E) dated 5th June, 2015 issued by the Government of India.
- (g) The matter described in the Basis for Disclaimer of Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the company.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us: -
 - i. There are no pending litigations which may have an impact on the Company's financial position. A claim for the expenses debited to the Company through inception including prior to incorporation by Holding Company aggregating Rs. 2,35,45,517/- claimed by the Holding Company from Jharkhand Urja Sancharan Ltd., stated to be for expensed for the Company and debited to the company, despite the same not being paid for long and not accepted by JUSL, the same is not considered for this clause and no disclosure is made in the financial statements. We are not aware whether the same is under litigation or not by Holding Company, since recovery proceedings for the amount expended by the Company through its Invoicing is followed up by the Holding Company.
 - ii. Due to possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long term contracts including derivative contracts.



found recorded in minutes of the Board, no restructuring of the existing borrowing or waiver/write off of borrowing and interest due to company's inability to repay the borrowing has been done, except that the interest is not charged on the borrowing by the lender Holding Company effective 31-03-2021. That the entire borrowing of the Company is fully provided for by the lender Holding Company no effect of this fact is disclosed in the Financial Statements of the Company such treatment is though no disclosure has been made by the company in its financial statement or Notes to Accounts. The total outstanding borrowings are shown as current instead of non-current. The number of outstanding borrowings in Company books is Rs. 22,244.91 thousand excluding components of interest ceased to be applied effective 31-03-2021.

(c) As per our information & explanation furnished to us, there is no amount of funds (grant/ subsidy.) received/ receivable for specific schemes from Central/ State Government or its agencies during the year under audit, therefore there is nothing to report under this clause.



Place: New Delhi

Dated: 6th November, 2023

For GUPTA & GUPTA
Chartered Accountants
Firm Regn. No. 000681N

(S.B. GUPTA)

Partner

M. No. 006099

UDIN No - 2300 6099 BHBX BM 8564

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the independent auditors' report of even date on the financial statements of Mandal Transmission Limited for the year ended 31st March, 2023)

(i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) The Company does not have any Property, Plant and Equipment. Capital Work in Progress carried from earlier years has been retrospectively adjusted by restating the previous year financial statements as stated in note 13 – restated for the year ended 31st March 2022 and 1st April, 2021, thereby bringing the carried over amount to 'Nil'. No reason for such a change is disclosed either in Notes to Accounts or Accounting Policy even though a reference is made in the note of the change in accounting policy.

(b) As the Company has no assets, revaluation of assets is not applicable

(c) Nothing has come to our knowledge that the Company holding any benami property under the Benami Transactions (Prohibition) Act 1988 (as amended in 2016) and rules made thereunder. We are not aware of any proceedings initiated or pending.

(d) The Company has no intangible assets.

(ii)(a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable to the company.

(b) The Company has not been sanctioned any working capital limits in excess of five crore rupees. in aggregate. from banks on the basis of security of current assets, hence, reporting under clause 3(ii)(b) of the Order is not applicable to the Company

(iii) During the year the Company has neither made any investments in, nor provided any guarantee or security, nor granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties and therefore reporting under the clause 3(iii)(a) to (f) of the Order is not applicable to the company.

(iv) The Company has not granted any loans, has not made investments and has not provided guarantees and securities. Hence, reporting under clause 3(I v) of the Order is not applicable to the company.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable to the company.



(vi) As per information, the cost records as prescribed by the Central Government under section 148(1) of the Act, are not applicable to the Company hence, reporting under clause 3(vi) of the Order is not applicable to the company.

(vii) In respect of statutory dues:

(a) There were no undisputed amounts payable in respect of Good and Service Tax, provident fund. Employees' State insurance, Income tax, sales tax, service tax, value added tax, duty of customs, duty of excise, cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) As the Company is non-operational there are no statutory dues referred to in sub-clause (a) above, which have become due. For the services of employees, if any deployed for the Company, the Holding Company initiates billing for part of the cost and legal obligations of statutory dues if any, are attended to by the Holding Company.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) The Company does not have any loans or other borrowings except from the Holding Company, which is not considered for this purpose. The amount due is shown as Current Financial Liability Instead Financial Liabilities borrowings - non-current. The charging of interest is decided by the Holding Company, which has ceased to charge interest post 31-03-2021. We are unable to comment on the applicability of the clause on the amount borrowed from the Holding Company due to non-availability of the required information.

(x)(a) The Company did not raise any money by way of an initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optional) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi)(a) No information related to fraud by the Company or material fraud on the Company has been provided; therefore, we are not able to comment on the said clause..

(b) No report under sub-section (12) of the Section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) No information related to any whistle-blower complaints has been provided; therefore, we are not able to comment on the said clause..

(xii) The Company is not a Nidhi company. Accordingly, reporting under clause 3(ii) of the Order is not applicable.



(xiii) The Company in compliance with Section 177 and 188 of the Companies Act, 2013, as applicable, with respect to applicable transactions with the related parties and the details of the related party transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards except as stated in the Auditor's Report towards incorrect disclosure of amount due and borrowed from the Holding Company.

(xiv) The company is not required to get the internal audit done and hence, reporting under clause 3(xiv) of the Order is not applicable to the company.

(xv) The Company has not entered into non-cash transactions with directors or persons connected with directors. Hence, provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) As explained to us, the Company is not required to be registered under section 45-1A of the Reserve Bank of India Act 1934.

(b) As explained to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration from Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c)&(d) As explained to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, therefore, clause (c) and (d) are not applicable.

(xvii) The Company has incurred cash losses of Rs. 83.00 thousand during the financial year covered by our audit (Previous Year Rs. 49.81 thousand) and the carried over of losses up to 31st March 2023 stood at Rs.22,783.91 thousand including after restating the figures of WIP and GST of prior period/s.

(xviii) There has been no resignation of the statutory auditors of the Company during the year as per the information provided by the management of the company. Term of previous auditors was completed and thereafter, Statutory Auditors were appointed at the instance of the CAG of India.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions including our comments in the main report to this report, it has come to our attention, which causes us to believe that material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting Borrowing liabilities towards Rs. 22,244.91 thousand payables to Holding Co. existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not of any kind of assurance with regard to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date till get discharged by the Company as & when they fall due.



Compliance Certificate

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

Place: New Delhi
Dated: 6th November 2023



For GUPTA & GUPTA
Chartered Accountants
Firm Regn. No. 000681N

(S.B. GUPTA)
Partner
M. No. 006099

UDIN No. 23006099BHBM8564

MANDAR TRANSMISSION LIMITED

CIN U40101DL2018GO1331526

Balance Sheet as at 31 March, 2023

(All amounts in ₹ thousands, unless stated otherwise)

| Particulars | Notes | As at 31 March, 2023 | Restated As at * 31 March, 2022 | Restated As at * 1 April, 2021 |
|---------------------------------------|-------|-------------------------|------------------------------------|-----------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Total non current assets | | - | - | - |
| Current assets | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 4 | 20.00 | 20.00 | 20.00 |
| Total current assets | | 20.00 | 20.00 | 20.00 |
| TOTAL ASSETS | | 20.00 | 20.00 | 20.00 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity share capital | 5 | 500.00 | 500.00 | 500.00 |
| Other equity | 6 | (22,783.91) | (22,700.91) | (22,656.80) |
| Total equity | | (22,283.91) | (22,200.91) | (22,156.80) |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Other financial liabilities | 7 | 22,298.91 | 22,217.18 | 22,173.30 |
| Other current liabilities | 8 | 5.00 | 3.73 | 3.50 |
| Total current liabilities | | 22,303.91 | 22,220.91 | 22,176.80 |
| Total liabilities | | 22,303.91 | 22,220.91 | 22,176.80 |
| TOTAL EQUITY & LIABILITIES | | 20.00 | 20.00 | 20.00 |

* Restated (Refer Note 13)

Summary of significant accounting policies & other information 1 to 3

The accompanying notes from 4 to 17 are integral part of the financial statements.

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

For GUPTA & GUPTA

Chartered Accountants

FRN: 00681N

For and on behalf of Board of Directors of
MANDAR TRANSMISSION LIMITED

S B Gupta

Partner

Membership no:

Place: New Delhi

Date: 06th NOVEMBER, 2023

UDIN.No. 2300609934BXBM8564;



Saurabh Rastogi

Director

DIN: 05317155

Place: New Delhi

Date: 09/10/23

Mohan Lal Kumawat

Director

DIN: 07682898

Place: New Delhi

Date: 09/10/23

MANDAR TRANSMISSION LIMITED

CIN U40101DL2018GOI331526

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

(All amounts in ₹ thousands, unless stated otherwise)

| Particulars | Notes | For the year ended 31 March, 2023 | *For the year ended 31 March, 2022 | *For the period ended 1 April, 2021 |
|--|-------|--------------------------------------|---------------------------------------|--|
| Income | | | | |
| Other income | 9 | - | 5.70 | - |
| Total Income | | - | 5.70 | - |
| Expenses | | | | |
| Other expenses | 10 | 83.00 | 49.81 | 3,543.09 |
| Total expenses | | 83.00 | 49.81 | 3,543.09 |
| Profit/(Loss) before tax | | (83.00) | (44.11) | (3,543.09) |
| Tax expense | 11 | | | |
| Current tax | | - | - | - |
| Deferred tax expense/(credit) | | - | - | - |
| Earlier year taxes/(refunds) | | - | - | - |
| Total tax expenses | | - | - | - |
| Net profit/(loss) for the year / period | | (83.00) | (44.11) | (3,543.09) |
| 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 / period | | - | - | - |
| Total comprehensive income/(loss) for the year / period | | (83.00) | (44.11) | (3,543.09) |
| Earnings/(Loss) per equity share | | | | |
| Basic/diluted earnings/ (loss) per share (In ₹) | 12 | (1.66) | (0.88) | (70.86) |

*** Restated (Refer Note 13)**

Summary of significant accounting policies & other information 1 to 3

The accompanying notes from 4 to 17 are integral part of the financial statements.

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

For GUPTA & GUPTA

Chartered Accountants

FRN: 00681N

For and on behalf of Board of Directors of

MANDAR TRANSMISSION LIMITED

S B Gupta

Partner

Membership no:

Place: New Delhi

Date: 06th NOVEMBER 2023

UDIN: NO 23006099BABXB1856H:

Saurabh Rastogi

Director

DIN: 05317155

Place: New Delhi

Date: 09/10/23

Mohan Lal Kumawat

Director

DIN: 07682898

Place: New Delhi

Date: 09/10/23

MANDAR TRANSMISSION LIMITED

CIN U40101DL2018GOI331526

Statement of Cash Flows for the period ended 31 March, 2023

(All amounts in ₹ thousands, unless stated otherwise)

| Particulars | For the year ended 31 March, 2023 | *For the year ended 31 March, 2022 | *For the period ended 1 April, 2021 |
|--|--------------------------------------|---------------------------------------|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit / (Loss) before tax | (83.00) | (44.11) | (3,543.09) |
| Operating profit before working capital changes | (83.00) | (44.11) | (3,543.09) |
| <u>Changes in working capital:</u> | | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | | |
| Other current assets | | | 1,498.01 |
| Other non-current assets | | | |
| <i>Adjustments for increase/ (decrease) in operating liabilities:</i> | | | |
| Trade payables | | | |
| Other financial liabilities (current) | 81.73 | 43.88 | 365.08 |
| Other financial liabilities (non current) | | | |
| Other current liabilities | 1.27 | 0.23 | (237.49) |
| Movement in operating assets and liabilities | 83.00 | 44.11 | 1,625.60 |
| Cash generated from operations | 0.00 | 0.00 | (1,917.49) |
| Less: Tax paid | | | |
| Net cash used in operating activities (A) | 0.00 | 0.00 | (1,917.49) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Sale/ (Purchase) of property, plant and equipment (including capital work-in-progress and intangibles) | | | 1,917.49 |
| Net cash flow from investing activities (B) | - | - | 1,917.49 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Issue of share capital | | | |
| Net cash flow from financing activities (C) | - | - | - |
| Net increase/decrease in cash and cash equivalents (A+B+C) | 0.00 | 0.00 | 0.00 |
| Cash and cash equivalents at the beginning of the year / period | 20.00 | 20.00 | 20.00 |
| Cash and cash equivalents at the end of the year / period | 20.00 | 20.00 | 20.00 |
| Reconciliation of cash and cash equivalents as per the cash flow statement | - | - | - |

* Restated (Refer Note 13)

Summary of significant accounting policies & other information 1 to 3

The accompanying notes from 4 to 17 are integral part of the financial statements.

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

For GUPTA & GUPTA

Chartered Accountants

FRN: 00681N

S B Gupta

Partner

Membership no:

Place: New Delhi

Date:



For and on behalf of Board of Directors of

MANDAR TRANSMISSION LIMITED

Saurabh Rastogi

Director

DIN: 05317155

Place: New Delhi

Date: 09/10/23

Mohan Lal Kumawat

Director

DIN: 07682898

Place: New Delhi

Date: 09/10/23

UDIN: No. 23006099 BHBXBM 85 641

MANDAR TRANSMISSION LIMITED

CIN U40101DL2018GOI331526

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

(All amounts in ₹ thousands, unless stated otherwise)

A Equity share capital

| Particular | Amount |
|--|-------------------|
| Balance as at 1 April, 2021 | 500.00 |
| Changes in equity share capital due to prior period errors | - |
| Balance as at 31 March, 2022 | 500.00 |
| Balance as at 1 April, 2022 | 500.00 |
| Changes in equity share capital during the year | - |
| Balance as at 31 March, 2023 | 500.00 |

B Other equity

| | Retained Earnings | Total |
|---|--------------------|--------------------|
| Balance as at 1 April, 2021 | (22,656.80) | (22,656.80) |
| Loss for the year | (44.11) | (44.11) |
| Balance as at 31 March, 2022 | (22,700.91) | (22,700.91) |
| Balance as at 1 April, 2022 | (22,700.91) | (22,700.91) |
| Changes in accounting policy or prior period period error | - | - |
| Restated Balance as at 1 April, 2022 | (22,700.91) | (22,700.91) |
| Profit / (Loss) for the year | (83.00) | (83.00) |
| Dividend | - | - |
| Balance as at 31 March, 2023 | (22,783.91) | (22,783.91) |

Summary of significant accounting policies & other information 1 to 3

The accompanying notes from 4 to 17 are integral part of the financial statements.

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

For **GUPTA & GUPTA**

Chartered Accountants

FRN: 00681N

For and on behalf of Board of Directors of

MANDAR TRANSMISSION LIMITED

S B Gupta

Partner

Membership no:

Place: New Delhi

Date: 06th November, 2023

UDIN: NO. 23006099 BHBABM 8564.



Saurabh Rastogi

Saurabh Rastogi

Director

DIN: 05317155

Place: New Delhi

Date: 09/10/23

Mohan Lal Kumawat

Mohan Lal Kumawat

Director

DIN: 07682898

Place: New Delhi

Date: 09/10/23

1. COMPANY OVERVIEW

Mandar Transmission Limited ("the Company") having CIN U40101DL2018GOI331526 was incorporated on 26.03.2018 at New Delhi. The Company is a wholly owned associate of REC Power Development & Consultancy Limited. The Company is a special purpose vehicle incorporated for "Selection of the developer for different transmission projects in different packages". The Government of Jharkhand vide notification no. 03/06/17/2648 dated 21 August 2017 has appointed RECPDCL as Bid Process Co-coordinator for selection of the developer for the project through tariff based competitive bidding process. On completion of the bid process, the successful bidder is to acquire one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities.

The Government of Jharkhand vide its letter dated 30.09.2020 has decided to reinstate the bidding process once all the approval are obtained. No further communication has been received from Government of Jharkhand. Hence the project has been kept abeyance w.e.f. 01.10.2020.

2. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and measurement

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

The Company prepared its Standalone 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 Standalone 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 financial statements for the period ended 31st March, 2023 were originally authorized and approved by the Board of Directors on 22nd May, 2023 subsequently readopted in its board meeting on 09th October, 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.

2.2 Significant accounting policies

(i) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values 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 Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.



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MANDAR TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2023
(All amounts in Rupees Thousands, unless stated otherwise)

1. COMPANY OVERVIEW

Mandar Transmission Limited ("the Company") having CIN U40101DL2018GOI331526 was incorporated on 26.03.2018 at New Delhi. The Company is a wholly owned associate of REC Power Development & Consultancy Limited. The Company is a special purpose vehicle incorporated for "Selection of the developer for different transmission projects in different packages". The Government of Jharkhand vide notification no. 03/06/17/2648 dated 21 August 2017 has appointed RECPDCL as Bid Process Co-coordinator for selection of the developer for the project through tariff based competitive bidding process. On completion of the bid process, the successful bidder is to acquire one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities.

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2. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

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A handwritten signature in blue ink, likely of a director or authorized officer, placed over the bottom right of the page.

MANDAR TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2023
(All amounts in Rupees Thousands, unless stated otherwise)

(ii) Functional and presentation currency:

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

(iii) 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 Company 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 Company'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 Company 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 Company 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).



[Handwritten signature]

MANDAR TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2023
(All amounts in Rupees Thousands, unless stated otherwise)

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 Company'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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(iv) 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.

(v) Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when the Company 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 Company 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,



A handwritten signature in blue ink, likely of a company representative, written over a horizontal line.

MANDAR TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2023
(All amounts in Rupees Thousands, unless stated otherwise)

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 Company 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 Company 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.

(vi) 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.

(vii) Cash and cash equivalents

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

(viii) 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.

(ix) 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 company are charged to the Statement of Profit and Loss.



MANDAR TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2023
(All amounts in Rupees Thousands, unless stated otherwise)

(x) Expenditure incurred by Holding Company

All the direct expenses incurred by holding company for SPV has been booked to the SPV as per invoicing done by the holding company. All Indirect / Common Expenses are allocated and invoiced to SPV on the proportionate basis from the month of issue of 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 holding company charges interest on the funds deployed by it based on the REC interest rate circular for T & D loans for ungraded organizations, as on the beginning of the period. If bid process activity relating to any SPV is kept in abeyance, due to any reason, no cost allocation for such period of abeyance is made to such SPV and no interest is charged. For direct expenses, interest is charged from the month in which the expenditure is incurred whereas for indirect expenses interest is charged for the average period of deployment of funds. Such interest is calculated on monthly basis but recognized at the end of the period.

In accordance to the applicable guidelines of TBCB process as issued by Ministry of Power, Govt. of India, all the direct & indirect expenses, interest incurred by the holding company on behalf of SPV are debited to SPV and recoverable from transmission service provider / successful bidder.

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

The major stages of TBCB (Tariff Based Competitive Bidding) process done by holding co. RECPDCL includes issue of RFP (Request for proposal) documents, Pre Bid Meeting, opening of technical bid, shortlisting of qualified bidders, opening of financial bid and e – Reverse auction for qualified bidders, final selection of successful bidder and issue of LOI to successful bidder. The certainty on the construction of the project arises only after the issuance of LOI and transfer of SPV to the successful bidder. Hence expenditure incurred from incorporation till transfer of SPV to the successful bidder is charged to the Statement of Profit and Loss.

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Such estimates & assumptions are based on management evaluation of relevant facts & circumstances as on date of financial statements. Revisions to accounting estimates are recognised in the period in



MANDAR TRANSMISSION LIMITED

Summary of Significant accounting policies & other information for the period ending 31st March 2023
(All amounts in Rupees Thousands, unless stated otherwise)

which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant estimates and judgment's

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



A handwritten signature in blue ink, appearing to read "J. K. Gupta", written over a horizontal line.

MANDAR TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31st March 2023

(All amounts in ₹ thousands, unless stated otherwise)

4 Cash and cash equivalents

| Particulars | As at 31 March, 2023 | As at 31 March, 2022 |
|---------------------------------|-------------------------|-------------------------|
| Balances with banks: | | |
| - with bank in current accounts | 20.00 | 20.00 |
| | 20.00 | 20.00 |

* The bank account is inactive due to no transaction in the account during FY 2022-23



A handwritten signature in blue ink, likely of the authorized signatory, placed next to the stamp.

MANDAR TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31st March 2023

(All amounts in ₹ thousands, unless stated otherwise)

5 Equity share capital

| Particulars | As at 31 March, 2023 | As at 31 March, 2022 |
|---|-------------------------|-------------------------|
| Authorized equity share capital 50,000 Equity shares of Rs 10 each | 500.00 | 500.00 |
| | 500.00 | 500.00 |
| Issued, subscribed and paid up equity share capital 50,000 Equity shares of Rs 10 each | 500.00 | 500.00 |
| | 500.00 | 500.00 |

i) Terms & Right attached to equity shares:

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

| | 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 | 50,000 | 5,00,000 | 50,000 | 5,00,000 |
| Add: Issued during the year | - | - | - | - |
| Balance at the end of the period | 50,000 | 5,00,000 | 50,000 | 5,00,000 |

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 |
| 49,994 Equity Shares held by REC Power Development & Consultancy Limited And Balance 6 Equity Shares through other nominee of REC-PDCL | 50,000 | 100.00% | 50,000 | 100.00% |

iv) Shares held by Promotor:

| | As at 31 March, 2023 | | As at 31 March, 2022 | |
|--|----------------------|-----------|----------------------|-----------|
| | No. of shares | % holding | No. of shares | % holding |
| 49,994 Equity Shares held by REC Power Development & Consultancy Limited And Balance 6 Equity Shares through other nominee of REC-PDCL | 50,000 | 100.00% | 50,000 | 100.00% |

v) The Company has neither issued equity shares pursuant to contract without payment being received in cash or any bonus shares nor has there been any buy-back of shares since its incorporation.

6 Other equity

| Particulars | As at 31 March, 2023 | As at 31 March, 2022 |
|---|-------------------------|-------------------------|
| Retained earnings | | |
| Balance at the beginning of the period / year | (22,700.91) | (22,656.80) |
| Add: Changes due to Accounting Policy | - | - |
| Add : Transferred from statement of profit and loss | (83.00) | (44.11) |
| Closing Balance at the end of the period / year | (22,783.91) | (22,700.91) |
| Total other equity | (22,783.91) | (22,700.91) |



(Signature)

MANDAR TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31st March 2023

(All amounts in ₹ thousands, unless stated otherwise)

7 Other financial liabilities (Current)

| Particulars | As at 31 March, 2023 | As at 31 March, 2022 |
|------------------------|-------------------------|-------------------------|
| Payable to Holding Co* | 22,244.91 | 22,182.18 |
| Audit fees payable | 54.00 | 35.00 |
| | 22,298.91 | 22,217.18 |

* Refer note 14 on related party transactions

| | | |
|---|--------|--------|
| @ Statutory Audit Fees FY 22-23 incl. Tax (in Rs) | 50.00 | 35.00 |
| TDS deducted (in Rs) | (5.00) | (3.50) |
| Net Audit Fees payable (in Rs) | 45.00 | 31.50 |

8 Other current liabilities

| Particulars | As at 31 March, 2023 | As at 31 March, 2022 |
|--------------------------|-------------------------|-------------------------|
| Statutory dues Payable | | |
| - TDS payable | 5.00 | 3.73 |
| Provision for Income Tax | - | - |
| | 5.00 | 3.73 |

9 Other income

| Particulars | For the period ended 31 March, 2023 | For the year ended 31 March, 2022 |
|----------------------------------|--|--------------------------------------|
| Liabilities/Expenses written off | - | 5.70 |
| | - | 5.70 |



MANDAR TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31st March 2023

(All amounts in ₹ thousands, unless stated otherwise)

10 Other expenses

| Particulars | For the period ended 31 March, 2023 | For the year ended 31 March, 2022 |
|---|--|--------------------------------------|
| Legal & Professional Expenses/MCA & ROC Filings | - | 2.81 |
| Auditors' remuneration | 83.00 | 35.00 |
| Common Expenses Allocated by Holding Company | - | 6.00 |
| Salary Expenses allocated by Holding Company | - | 6.00 |
| | 83.00 | 49.81 |

11 Tax expense

| Particulars | For the period ended 31 March, 2023 | For the year ended 31 March, 2022 |
|----------------------------------|--|--------------------------------------|
| Current tax | | |
| Tax pertaining to current period | - | - |
| Tax pertaining to earlier years | - | - |
| Deferred tax expense/(credit) | - | - |

| | For the period ended 31 March, 2023 | For the year ended 31 March, 2022 |
|------------------------------------|--|--------------------------------------|
| Tax expense | | |
| (i) Current tax | | |
| Tax pertaining to current year | 0.00 | 0.00 |
| Tax pertaining to earlier years | 0.00 | 0.00 |
| (ii) Deferred tax expense/(credit) | 0.00 | 0.00 |
| | 0.00 | 0.00 |

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of at 25.168% .

| | | |
|--|-------------|-------------|
| Accounting Loss before income tax | (83.00) | (44.11) |
| At country's statutory income tax rate of 25.168% | 0.00 | 0.00 |
| Adjustments in respect of taxes earlier years | | |
| (i) Non-deductible expenses for tax purposes | 0.00 | 0.00 |
| (ii) Non-taxable incomes | 0.00 | 0.00 |
| (iii) Earlier year taxes | 0.00 | 0.00 |
| (iv) Deferred tax on allowable provisional expenditure of earlier year | 0.00 | 0.00 |
| (v) Deferred tax change due to rate change | 0.00 | 0.00 |
| | 0.00 | 0.00 |

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

12 Basic/diluted earnings/ loss per share

| | | |
|---|---------|---------|
| Net profit/(loss) for the year | (83.00) | (44.11) |
| Weighted average number of equity shares for EPS (in numbers) | 50,000 | 50,000 |
| Par value per share (in ₹) | 10 | 10 |
| Earnings per share - Basic and diluted (in ₹) | (1.66) | (0.88) |



[Signature]

MANDAR TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31st March 2023

(All amounts in ₹ thousands, unless stated otherwise)

13 Restated for the year ended 31st March 2022 and 1st April 2021

The Change in accounting policy shall be applied retrospectively i.e. adjustment to the opening balances of the each effected component of equity for the earliest prior period and other comparative amount disclosed for each prior period as if the new accounting policy had always applied. Reconciliation of items which are retrospectively restated in the Balance Sheet and Statement of Profit & Loss are as under.

a) Reconciliation of restated items of Balance Sheet as at 31st March 2022 and 1st April 2021

| Particulars | As at 31 March 2022 | | | As at 1 April 2021 | | |
|---------------------------------------|------------------------|-------------------|--------------------|------------------------|-------------------|--------------------|
| | As previously reported | Adjustment | As restated | As previously reported | Adjustment | As restated |
| Non-current assets | | | | | | |
| Capital Work in Progress | 1,917.49 | (1,917.49) | - | 1,917.49 | (1,917.49) | - |
| Current assets | | | | | | |
| Cash and cash equivalents | 20.00 | - | 20.00 | 20.00 | - | 20.00 |
| Other financial assets | - | - | - | - | - | - |
| Other current assets | 1,536.61 | (1,536.61) | - | 1,524.60 | (1,524.60) | - |
| TOTAL ASSETS | 3,474.10 | (3,454.10) | 20.00 | 3,462.09 | (3,442.09) | 20.00 |
| Equity | | | | | | |
| Equity share capital | 500.00 | - | 500.00 | 500.00 | - | 500.00 |
| Other equity | (19,246.83) | (3,454.08) | (22,700.91) | (19,214.72) | (3,442.08) | (22,656.80) |
| Total equity | (18,746.83) | (3,454.08) | (22,200.91) | (18,714.72) | (3,442.08) | (22,156.80) |
| Financial liabilities | | | | | | |
| Other financial liabilities | 22,217.19 | - | 22,217.19 | 22,173.31 | - | 22,173.31 |
| Other current liabilities | 3.74 | (0.01) | 3.73 | 3.50 | - | 3.50 |
| Total Liabilities | 22,220.93 | (0.01) | 22,220.91 | 22,176.81 | - | 22,176.80 |
| TOTAL EQUITY & LIABILITIES | 3,474.10 | (3,454.09) | 20.00 | 3,462.09 | (3,442.08) | 20.00 |

b) Reconciliation of restated items of Profit and Loss for the year ended 31st March 2022 and 1st April 2021

| Particulars | As at 31 March 2022 | | | As at 1 April 2021 | | |
|---------------------------------|------------------------|----------------|----------------|------------------------|-------------------|-------------------|
| | As previously reported | Adjustment | As restated | As previously reported | Adjustment | As restated |
| Income | | | | | | |
| Other income | 5.70 | - | 5.70 | - | - | - |
| Total Income | 5.70 | - | 5.70 | - | - | - |
| Expenses | | | | | | |
| Other expenses | 37.81 | 12.00 | 49.81 | 101.00 | 3,442.09 | 3,543.09 |
| Total expenses | 37.81 | 12.00 | 49.81 | 101.00 | 3,442.09 | 3,543.09 |
| Profit/(Loss) before tax | (32.11) | (12.00) | (44.11) | (101.00) | (3,442.09) | (3,543.09) |

c) Reconciliation of statement of cash flow for the year ended 31st March 2022 and 1st April 2021

| Particulars | As at 31 March 2022 | | | As at 1 April 2021 | | |
|---|------------------------|------------|-------------|------------------------|------------|-------------|
| | As previously reported | Adjustment | As restated | As previously reported | Adjustment | As restated |
| Net Cash flow from operating activities | - | - | - | - | (1,917.49) | (1,917.49) |
| Net Cash flow from investment activities | - | - | - | - | 1,917.49 | 1,917.49 |
| Net Cash flow from financing activities | - | - | - | - | - | - |
| Net increase/decrease in cash and cash equivalents | - | - | - | - | - | - |
| Cash and cash equivalents at the beginning of the year / period | 20.00 | - | 20.00 | 20.00 | - | 20.00 |
| Cash and cash equivalents at the end of the year / period | 20.00 | - | 20.00 | 20.00 | - | 20.00 |



(Signature)

MANDAR TRANSMISSION LIMITED**Notes forming part of Financial Statements for the period ending 31st March 2023**

(All amounts in ₹ thousands, unless stated otherwise)

14 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 |
|-----------------------------|---|
| Holding company | REC Power Development & Consultancy Limited (RECPDCL) |
| Parent's Holding company | REC Limited |

Key management personnel (KMP)

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

| Name | Designation | Date of Appointment | Date of Resignation |
|-----------------------------------|-----------------------|---------------------|---------------------|
| MOHAN LAL KUMAWAT | Director | 26.03.2018 | - |
| SAURABH RASTOGI | Director | 25.03.2021 | - |
| SANJAY SHILENDRAKUMAR KULSHRESTHA | Chairman and Director | 26.03.2018 | - |

| KMPs / Directors Remuneration | For the period ended 31 March, 2023 | For the year ended 31 March, 2022 |
|-------------------------------|-------------------------------------|-----------------------------------|
| Remuneration to KMP's | 0.00 | 0.00 |

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

| | Name of Related Party | for the period ended 31 March, 2023 | for the period ended 31 March, 2022 |
|--|---------------------------|-------------------------------------|-------------------------------------|
| (i) Transactions during the year | | | |
| BPC Professional Fees | Holding Company (RECPDCL) | - | - |
| Interest | Holding Company (RECPDCL) | - | - |
| Reimbursement of expenses | Holding Company (RECPDCL) | 83.00 | 49.81 |
| (ii) Outstanding Balances at year end | | | |
| Advance from Holding Co. | Holding Company (RECPDCL) | 22,244.91 | 22,182.18 |

15 Capital management policies and procedures

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



MANDAR TRANSMISSION LIMITED

Notes forming part of Financial Statements for the period ending 31st March 2023

(All amounts in ₹ thousands, unless stated otherwise)

16 Ratios Analysis

| Ratio | 31 March, 2023 | | | 31 March, 2022 | | | Analysis | |
|----------------------------|----------------|-------------|--------|----------------|-------------|--------|------------|---------------------|
| | Numerator | Denominator | Ratios | Numerator | Denominator | Ratios | % Variance | Reason for Variance |
| Current Ratio | 20.00 | 22,303.91 | 0.00 | 20.00 | 22,220.91 | 0.00 | (0.00) | |
| Return on Equity Ratio | (83.00) | (22,242.41) | 0.00 | (44.11) | (22,178.86) | 0.00 | 0.88 | |
| Net Profit Ratio | (83.00) | - | - | (44.11) | 5.70 | (7.74) | - | |
| Return on Capital employed | (83.00) | (22,283.91) | 0.00 | (44.11) | (22,200.91) | 0.00 | 0.87 | |

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. Net profit ratio - Numerator includes profit after tax and Denominator includes Revenue from operations.
4. 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) Current ratio is reduced due to decrease in Current Asset.
- (a) Return on equity ratio reduced due to increase in Loss.
- (c) Return on capital employed reduced due to increase in loss.

17 Other notes to accounts

- 17.1 As per the policy of Holding Company the invoice for the services provided is raised at the end of the financial year or on the date of the transfer of the SPV or on the receipt of advance/acquisition price, whichever is earlier.
- 17.2 There is no employee in the roll of the Company. Employees working for the Company are in the roll of the holding company i.e. RECPDCL and ultimate holding company i.e. REC Limited. The employee expenses including contributions in respect of liabilities for employee benefit expense towards leave, provident fund, superannuation and all other benefits as applicable are accounted for by the holding company and ultimate holding company. Hence, disclosure requirements under Ind AS 19 is not applicable.
- 17.3 The code on social security 2020 (Code) relating to employee benefit during employment and post employment benefit received presidential accent in September 2020. The code has been published in the Gazette of India. However, the date on which the code will come in to effect has not been notified. However, there are no employees on roll of company.
- 17.4 The Company is operating in a single segment and therefore disclosure requirements under Ind AS 108 is not applicable.
- 17.5 There has no transaction under section 248 of the companies Act, 2013 with stuck off companies during the year.
- 17.6 The Companies does not have more than 2 layers as specified in sub rule (2) of companies (Restriction on number of layers) Rules, 2017.
- 17.7 The capital commitments, contingent liabilities and claims against the company not acknowledged as debt is Nil.
- 17.8 The company has no non material adjustment event after reporting period.
- 17.9 As per the provision of the companies Act, 2013, the figures have been rounded off to the nearest of Thousand and decimal thereof.
- 17.10 There are no foreign currency transactions during the year. Therefore no disclosures are required under Schedule III of the Companies Act, 2013.
- 17.11 The figures have been regrouped / rearranged / recast, wherever necessary, for better presentation to make them comparable.
- 17.12 Negative figures have been shown in bracket.

For GUPTA & GUPTA
Chartered Accountants
FRN: 00681N

For and on behalf of Board of Directors of
MANDAR TRANSMISSION LIMITED

S B Gupta

Partner

Membership no:

Place: New Delhi

Date: 06th November 2023



Saurabh Rastogi

Director

DIN: 05317155

Place: New Delhi

Date: 09/10/23

Mohan Lal Kumawat

Director

DIN: 07682898

Place: New Delhi

Date: 09/10/23

UDIN: NO. 23006099BHBXBM8564