

R Kothari & Co LLP

CHARTERED ACCOUNTANTS

KOLKATA, NEW DELHI

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF

MP Smart Grid Private Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying Financial Statements of **MP Smart Grid Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the period then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind-AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles accepted in India, of the state of affairs of the Company as at 31st March, 2021 and its Profit including Other Comprehensive Income, the Statement of Changes in Equity and its Cash Flow Statement for the period ended on that date.

Basis for Opinion

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



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R Kothari & Co (a partnership firm with FRN-307069E) converted into R Kothari & Co LLP, (a Limited Liability Partnership with LLP Identification No.AAS-5294 w.e.f 3rd June,2020)

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion & Analysis, Board's Report including annexure to Board Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our Auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have not received any such information; hence we are not able to comment on such matter.

Responsibility of the Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, the Statement of Changes in Equity and Cash Flow Statement in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of the material misstatement of the Financial Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

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



Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditors Report) Order, 2016 ('the order') issued by the Central Government of India in terms of subsection (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraphs 3 and 4 of the order, to the extent applicable.
- II. As required by section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - d. In our opinion, the aforesaid Ind-AS Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended :
In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year and hence the provisions of section 197 of the Act does not apply.
 - 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 Company has no pending litigations on the financial position in the Financial Statements



- ii) ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For R KOTHARI & CO LLP

Chartered Accountants

FRN: 307069E/E300266



CA. Kailash Chandra Soni

Partner

Membership No. 057620

Place: Kolkata

Date: 17th May, 2021

UDIN: 21057620AAAAHB7165

"ANNEXURE A" TO INDEPENDENT AUDITORS' REPORT

The Annexure A referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date to the Financial Statements of the Company for the year ended 31st March, 2021, we report that:

- (i) The Company does not have any property, plant and equipment. Hence, reporting under paragraph 3 clause (i) of the Order is not applicable to the Company.
- (ii) The Company does not hold any physical inventories. Thus, reporting under paragraph 3 clause (ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Therefore, the reporting under Paragraph 3 (iii) of the said order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of making investments as applicable. The company has not granted any loan or provided any guarantees or securities under Section 185 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits from the public and consequently, the directives issued by Reserve Bank of India and provisions of section 73 to section 76 or any other relevant provisions of the Companies Act 2013 and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of the Cost records under section 148(1) of the Companies Act, 2013 in respect of Company's service. Thus, reporting under paragraph (vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examinations of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income Tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities and there are no arrears of outstanding statutory dues as on the last date for a period of more than six month:



Serial Number	Nature of Dues	Statute	Unpaid amount for a period exceeding months	Period to which amount relates	Paid on
1	TDS u/s 194C	Income Tax Act, 1961	75,000	August 2020	10.05.2021
2	TDS u/s 194C	Income Tax Act, 1961	450,000	September 2020	10.05.2021

- (b) According to the information and explanations given to us, there are no dues of Income Tax and other material statutory dues which have not been deposited as on 31st March, 2021 with the appropriate authorities on account of any dispute.
- (viii) Based upon the audit procedures performed and according to the records of the Company examined by us and the information and explanation given to us, the Company has no Loans or Borrowings from any Financial Institution or Banks
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public issue or further public offer (including debt instruments) nor has the Company obtained any term loan. Hence, comments under the clause are not called for.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, no managerial remuneration has been paid or provided and hence the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 does not apply.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the reporting under Paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the order is not applicable to the Company.



(xv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the reporting under Paragraph 3 (xv) of the order is not applicable to the Company and hence not commented upon.

(xvi) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For R KOTHARI & CO LLP

Chartered Accountants

FRN: 307069E/E300266



CA. Kailash Chandra Soni

Partner

Membership No. 057620

Place: Kolkata

Date: 17th May, 2021

UDIN: 21057620AAAAHB7165

"ANNEXURE - B" TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls over Financial Reporting 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 MP Smart Grid Private Limited ("the Company") as of 31st March, 2021 in conjunction with our audit of the Financial Statements of the Company for the period 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") issued by the Institute of Chartered Accountants of India 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 Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March 2021, 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 R KOTHARI & CO LLP

Chartered Accountants

FRN: 307069F/E300266



CA. Kailash Chandra Soni

Partner

Membership No. 057620

Place: Kolkata

Date: 17th May, 2021

UDIN: 21057620AAAAHB7165

MP Smart Grid Private Limited
Balance Sheet as at 31st March 2021

(Rs in lakhs)

Particulars	Note no.	As at 31st March, 2021
ASSETS		
Current assets		
(a) Financial assets		
(i) Trade receivables	4	550.94
(ii) Cash and cash equivalents	5	24.32
(b) Other current assets	6	164.74
(c) Current tax assets (net)		6.39
Total Assets		746.39
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	7	10.00
(b) Other equity	8	72.46
		82.46
Liabilities		
Current liabilities		
(a) Financial liabilities		
(i) Trade payables	9	
Total outstanding dues of micro enterprises and 1) small enterprises		621.95
Total outstanding dues of creditors other than 2) micro enterprises and small enterprises		-
(ii) Other financial liabilities	10	8.91
(b) Other current liabilities	11	33.07
		663.93
Total Equity and Liabilities		746.39

Significant accounting policies and other accompanying notes (1-27) are an integral part of financial statements

As per our report on even date.

For R. Kothari & Co. LLP
Chartered Accountants
Firm Registration No.: 307069E/E300266

CA. Kailash Chandra Soni
Partner
Membership No.: 057620



For and on behalf of the Board


Somesh Dasgupta
Director
DIN: 01298835


Argha Ghosh
Director
DIN: 09038856

Place : Kolkata
Date: May 17, 2021

MP Smart Grid Private Limited

Statement of Profit and Loss for the period ended from 31st May, 2020 to 31st March, 2021

(Rs in lakhs)

Particulars	Note no	Period ended 31st March, 2021
Income		
Revenue from Operations	12	2,566.90
Other income	13	2.91
Total Income		2,569.81
Expenses		
Cost of Material & Installation services	14	2,426.72
Finance Cost	15	10.67
Other expenses	16	34.63
Total expenses		2,472.02
Profit before tax		97.79
Tax expense:	17	
Current tax		25.33
Deferred tax		-
Profit for the period		72.46
Total comprehensive income for the period		72.46
Earnings per equity share:		
Basic and Diluted (in Rs)	18	72.46

Significant accounting policies and other accompanying notes (1-27) are an integral part of financial statements

As per our report on even date.

For R. Kothari & Co. LLP

Chartered Accountants

Firm Registration No.: 307069E/E300266

For and on behalf of the Board

CA. Kailash Chandra Soni

Partner

Membership No.: 057620



Somesh Dasgupta

Director

DIN: 01298835

Argha Ghosh

Argha Ghosh

Director

DIN: 09038856

Place : Kolkata

Date: May 17, 2021

MP Smart Grid Private Limited
Cash Flow Statement for the period ended from 31st May, 2020 to 31st March, 2021

(Rs in lakhs)

Period ended
31st March, 2021

Particulars	
A. Cash flows from operating activities	
Profit before tax for the period	97.79
Adjustments for:	
Interest income on Fixed Deposits	(2.91)
Operating profit before working capital changes	94.88
Adjustments for:	
(Increase) / decrease in Current Asset	(715.68)
Increase / (decrease) in Current liabilities	663.93
Cash flow generated from operations	43.12
Direct taxes paid	(31.72)
Net cash flow (used in) / from operating activities	11.41
B. Cash flows from investing activities	
Interest received on Fixed Deposits	2.91
Net cash flow (used in) / from investing activities	2.91
C. Cash flows from financing activities	
Proceeds from issue of Share Capital	10.00
Net cash (used in) / from financing activities	10.00
Net increase / (decrease) in cash or cash equivalents (A+ B+C)	24.32
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (refer note 5)	24.32

Significant accounting policies and other accompanying notes (1-27) are an integral part of financial statements

As per our report on even date.

For R. Kothari & Co. LLP
Chartered Accountants
Firm Registration No.: 307069E/E300266

CA. Kailash Chandra Soni
Partner
Membership No.: 057620

Place : Kolkata
Date: May 17, 2021

For and on behalf of the Board




Somesh Dasgupta
Director
DIN: 01298835


Argha Ghosh
Director
DIN: 09038856

MP Smart Grid Private Limited

Statement of change in equity for the period ended 31st March, 2021

A. Equity Share Capital

(Rs in lakhs)

Balance as on 01st April, 2020	Changes in equity share capital during the year	Balance as on 31st March, 2021
-	10.00	10.00

B. Other Equity

Particulars	Retained Earnings	Total
Balance as on 01st April, 2020	-	-
Profit for the period	72.46	72.46
Total Comprehensive Income	72.46	72.46
Balance as on 31st March, 2021	72.46	72.46

Significant accounting policies and other accompanying notes (1-27) are an integral part of financial statements

As per our report on even date.

For R. Kothari & Co. LLP

Chartered Accountants

Firm Registration No.: 307069E/E300266

CA. Kailash Chandra Soni

Chartered Accountants

Firm Registration No.: 307069E/E300266

For and on behalf of the Board



Somesh Dasgupta

Director

DIN: 01298835

Argha Ghosh

Director

DIN: 09038856

Place : Kolkata

Date: May 17, 2021

MP Smart Grid Private Limited

Notes on financial statement for the period ended from 31st May, 2020 to 31st March 2021

1 Corporate Information

MP Smart Grid Private Limited was incorporated in India on 31st May 2020 under the Companies Act, 2013 (18 of 2013). The company is a wholly owned subsidiary of India Power Corporation Limited (the Holding Company). The company has entered into a Turnkey contract under Integrated Power Development Scheme (IPDS) of Govt. of India (GOI) on Partial OPEX Model for "Design, Supply, Installation, Testing, Commissioning, Reading, Analysis and 5 years Operation and Maintenance of Smart Meters, AMI System & Communication Infrastructure with a network platform in selected Towns viz. Ujjain, Dewas, Ratlam, Mhow and Khargone. The contract period is 7.5 years (90 months) consisting of 2.5 Years of Execution Period (i.e. for 30 months) and 5 Years of Operation and Maintenance Contract period i.e. of 60 months.

2 Significant Accounting Policy

a) Basis of Preparation

- i) The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015]
- ii) The financial statements are presented in Indian Rupees (₹) which is the Company's functional and presentation currency. All financial information presented in ₹ has been rounded to the nearest lakhs (upto two decimals), except as stated otherwise.
- iii) The financial statements have been prepared on historical cost conventional on accrual basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost convention is generally based on fair value of the consideration given in exchange for goods and services. Fair value 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

b) Revenue Recognition

Company's revenue arise from supply and installation services and other income. Revenue from other income comprises interest from bank.

Revenue from supply and installation services

Revenue is measured based on the consideration that is specified in a contract with the customer or is expected to be received in exchange for the product or services. The company recognizes revenue when (or as) the performance obligation is satisfied, which typically occurs when (or as) control over the product or services is transferred to a customer.

The company applies judgement to determine whether each product or services promised to a customer are capable of being distinct and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The company allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand alone selling price. Rebate and discount, if any, are recognised as deduction from revenue on the basis of management estimates

Interest Income

Interest income is recognised, when no significant uncertainty as to measurability or collectibility exist, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest method (EIR)

c) Borrowing Cost

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognised in the statement of profit and loss using the effective interest method except to the extent attributable to qualifying Property Plant & Equipment (PPE) which are capitalised to the cost of the related assets, if any. A qualifying PPE is an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

d) Investment & other Financial Assets

Financial Assets

Initial Recognition & Measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, directly attributable to the acquisition or issue of financial instrument.

Subsequent Measurement

- i) Financial assets at amortized cost – the financial instrument is measured at the amortized cost if both the following conditions are met:
 - a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
 - b) 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. All other debt instruments are measured at Fair Value through other comprehensive income or Fair value through profit and loss based on Company's business model.

De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial Liabilities

Initial Recognition & Measurement

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

Subsequent Measurement

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

These liabilities include borrowings and deposits.

De-recognition of financial liabilities

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.

e) 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.

f) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

g) Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of

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.

Contingent assets are disclosed in the financial statement by way of notes to account when an inflow of economic benefit is probable.

h) Earning 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. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue. For the purpose of calculating 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.

i) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes, if any, are calculated using the liability method. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.



j) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

As asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- It is held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least for at lease twelve months after the reporting period.

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within month after the reporting period

or

There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current

k) Related party transaction

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transaction

3 Critical accounting judgements, assumptions and key sources of estimation and uncertainly

The preparation of the financial statements in conformity with IND AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the year in which the results are known/materialized and, if material, their effects are disclosed in the notes to the financial statements.

Application of accounting policies that require significant areas of estimation, uncertainty and critical judgements and the use of assumptions in the financial statements have been disclosed below. The key assumptions and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have also been discussed below:-

a) Income taxes

Significant judgments is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes Accordingly, such provision has been made considering concession/allowances including those based on expert advice/judicial pronouncements.

b) Impairment loss on trade receivables

The company evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The company bases the estimates on the ageing of the trade receivables balance, credit worthiness of the trade receivables .



MP Smart Grid Private Limited

Notes on financial statement for the period ended from 31st May, 2020 to 31st March 2021

4 Current financial assets - Trade Receivables

(Rs in lakhs)

Particulars	As at 31st March, 2021
	Upto 6 months
Unsecured	550.94
Less: Allowance for bad and doubtful debt	-
Total	550.94

4.1 Refer note 23 (A) for details with respect to credit risk

5 Current financial assets - Cash and cash equivalents

(Rs in lakhs)

Particulars	As at 31st March, 2021
Balances with banks:	
Current account	24.32
Total	24.32

6 Other Current Assets

(Rs in lakhs)

Particulars	As at 31st March, 2021
GST input	151.78
Prepaid expenses	12.96
Total	164.74



7 Equity share capital

(Rs in lakhs)

Particulars	As at 31st March, 2021	
	No. of shares	Amount
Authorised		
Equity Shares of ₹ 10 each	1,50,000	15.00
Issued, subscribed & fully paid up		
Equity shares of ₹ 10 each	1,00,000	10.00
Total	1,00,000	10.00

7.1 The company has only one class of equity shares having a par value of ₹ 10 each. Each share has one voting right.

7.2 India Power Corporation Limited subscribed to the issued share capital of the company on 9th June 2020. Thereafter there is no movement of shares outstanding and amount of share capital as on 31st March 2021

7.3 The Company is a wholly owned subsidiary of India Power Corporation Limited (IPCL), entire equity share capital being held by IPCL and its Nominees.

7.4 Details of Shareholders holding more than 5% of equity shares each, are set out below:

Name of Shareholders	As at 31st March, 2021
	No. of Shares
India Power Corporation Ltd	1,00,000

8 Other Equity

(Rs in lakhs)

Particulars	As at 31st March, 2021
Retained Earnings	72.46
Balance as on 31st March, 2021	72.46

8.1 Retained Earnings generally represent the undistributed profits/amount of accumulated earnings of the company



MP Smart Grid Private Limited

Notes on financial statement for the period ended from 31st May, 2020 to 31st March 2021

9 Current Financial Liability - Trade payable

(Rs in lakhs)

Particulars	As at 31st March, 2021
1) Total outstanding dues of micro enterprises and small enterprises	621.95
2) Total outstanding dues of creditors other than micro enterprises and small enterprises	-
Total	621.95

9.1 Refer note 20 for disclosure as required under companies act,2013/micro, small and medium enterprises development act 2006.

10 Current Financial Liability - Others

(Rs in lakhs)

Particulars	As at 31st March, 2021
Liabilities for expenses	8.91
Total	8.91

11 Other Current Liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021
Statutory Dues payable	33.07
Total	33.07



MP Smart Grid Private Limited

Notes on financial statement for the period ended from 31st May, 2020 to 31st March 2021

12 Revenue from operations

(Rs in lakhs)

Particulars	Period ended 31st March, 2021
Supply of Meters & Installation services	2,566.90
Total	2,566.90

13 Other Income

(Rs in lakhs)

Particulars	Period ended 31st March, 2021
Interest income on deposits	2.91
Total	2.91

14 Cost of Material & Installation services

(Rs in lakhs)

Particulars	Period ended 31st March, 2021
Cost of Meters & Installation services	2,426.72
Total	2,426.72

15 Finance cost

(Rs in lakhs)

Particulars	Period ended 31st March, 2021
Interest	0.96
Interest on others	9.71
Total	10.67

16 Other Expenses

(Rs in lakhs)

Particulars	Period ended 31st March, 2021
Commission charges	27.27
Preliminary expenses	0.67
Professional Charges	0.21
Rates & Taxes	0.03
Auditor's Remuneration	-
-Statutory Audit Fees	1.00
-Tax audit fee	0.50
- For certification	1.50
Insurance expenses	3.00
Miscellaneous expenses	0.45
Total	34.63



17 Taxes

a) The major components of income tax expenses for the period are as under

(Rs in lakhs)

Particulars	Period ended 31st March, 2021
Income tax recognised in the statement of Profit and Loss	
Current tax:	
- Current period	25.33
- Deferred tax	-
Total income tax expenses recognised in the statement of profit and loss	25.33

b) Reconciliation of tax expenses

(Rs in lakhs)

Particulars	Period ended 31st March, 2021
Profit before tax	97.79
Statutory income tax rate of 25.168%	24.61
Add: Non Deductible expenses for tax purpose	-
Others	0.72
At effective income tax rate	25.33
Income tax expenses recognised in the statement of profit and loss	25.33

18 Earning per equity Share

(Rs in lakhs)

Particulars	Period ended 31st March, 2021
Profit/(Loss) after tax	72.46
No. of equity shares outstanding	1,00,000
Earning per share (Basic & Diluted) (in Rs)	72.46
Face value per equity share (in Rs)	10

19 Contingent liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021
Contract Performance guarantee given to M/s Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd by India Power Corporation Ltd (holding company) on behalf of the company	2,597.69

20 Dues to Micro and Small Enterprise

The details of amount outstanding to micro and small enterprises as defined under Micro Small and Medium Enterprise Development Act, 2006 (MSMED Act) based on information available with the Company are given below:

(Rs in lakhs)

Particulars	As at 31st March, 2021
a) the principal amount remaining unpaid to any supplier at the end of the period	621.95
b) the amount of interest paid in terms of Section 16 of the MSMED Act along-with the amount paid to the suppliers beyond the appointed day	-
c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-
d) the amount of interest accrued and remaining unpaid	-
e) 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 enterprises, for the purpose of disallowances as a deductible expenditure under Section 23 of MSMED Act	-



21 Related party Disclosures

Related parties have been identified in terms of Ind AS 24 on "Related Party Disclosure" as listed below :

Name of the related Party	Relationship
India Power Corporation Limited (IPCL)	Holding Company
Mr. Somesh Dasgupta	Director
Mr. Sanjeev Seth (resigned w.e.f. close of business hours of 22/01/2021)	Director
Mr. Asok Kumar Goswami	Director
Mr. Argha Ghosh (appointed w.e.f. 22/01/2021)	Director
IPCL Pte Limited	Fellow Subsidiary
Parmeshi Energy Limited - w.e.f. 24/04/2020	Fellow Subsidiary
India Uniper Power Services Private Limited	Joint Venture of IPCL Ltd
Arka Energy B.V.	Joint Venture of IPCL Pte. Ltd
Arkeni Solar sh.p.k	Wholly owned subsidiary of Arka Energy B.V

Transaction during the period with related parties

(Rs in lakhs)

Particulars	Period ended 31st March, 2021
Reimbursement against expenses	
India Power Corporation Limited (IPCL)	9.72
Corporate guarantee	
India Power Corporation Limited (Bid Security guarantee given to M/s Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd by IPCL on behalf of the company)	472.76
India Power Corporation Limited (Contract Performance guarantee given to M/s Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd by IPCL on behalf of the company)	2,597.69

Details of amount due to or from Related parties

(Rs in lakhs)

Particulars	As at 31st March, 2021
Corporate guarantee outstanding	
India Power Corporation Limited (Contract Performance guarantee given to M/s Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Ltd by IPCL on behalf of the company)	2,597.69

21.1 Transactions with the related parties are made on normal commercial terms and conditions and at market rates

22 Fair Value Measurements

Fair value of financial assets and liabilities measured at amortized cost

	As at 31st March, 2021	
	Carrying Amount	Fair Value
Financial Assets		
Trade Receivables	550.94	550.94
Cash and Cash Equivalents	24.32	24.32
Total Financial Assets	575.26	575.26
Financial Liabilities		
Trade Payables	621.95	621.95
Other financial liabilities	8.91	8.91
Total Financial Liabilities	630.86	630.86

22.1 The carrying amount of current trade receivables, cash and cash equivalents, trade payables and other financial liabilities are considered to be the same as their fair values due to their short term nature



23 Financial Risk Management

The company's principal financial liabilities comprises trade payables and other payables. The main purpose of these financial liabilities is to finance the company's operation. The company's principal financial assets include trade receivable and cash and cash equivalents that derive directly from its operations. The company expose to the following risk from its use of financial instruments:-

(A) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the company. Credit risk arises principally from Trade receivables.

Trade Receivables:- The company earns its revenue from government controlled entities. As these entities are government controlled, the counter party risk attached to such receivables are considered to be insignificant

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

Maturities of Financial Liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(Rs in lakhs)						
Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 year	Between 2 and 5 year	Above 5 year
As at 31st March, 2021						
Trade Payables	621.95	-	-	-	-	-
Other financial liabilities	8.91	-	-	-	-	-
Total Financial liabilities	630.86	-	-	-	-	-

24 Capital Management**Risk Management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

25 Estimation uncertainty relating to the global health pandemic on COVID-19

The Company, being an essential service provider, does not expect significant impact due to Covid 19. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. Management will continue to monitor any material changes to future economic conditions and the impact thereof on the company, if any.

26 This is being the first year since incorporation i.e 31.05.2020, hence figures of previous year has not been given in the above financial results

27 These financial statements has been approved and adopted by Board of Directors of the Company in their meeting dated 17th May, 2021 for issue to the Shareholders for their adoption.

As per our report on even date.

For R. Kothari & Co. LLP
Chartered Accountants
Firm Registration No.: 307069E/E300266

CA. Kailash Chandra Soni
Partner
Membership No.: 057620

Place : Kolkata
Date: May 17, 2021



For and on behalf of the Board


Somesh Dasgupta
Director
DIN: 01298835


Argha Ghosh
Director
DIN: 09038856