



MALANA POWER COMPANY LIMITED

CIN No. : U40101HP1997PLC019959

Consolidated Financial Statement

2017 - 18

31st, March 2018

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MALANA POWER COMPANY LIMITED**

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Malana Power Company Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding and its subsidiary together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical



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requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group company



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incorporated in India is disqualified as on March 31, 2018 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 and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of Group.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note- 32 A(i) , 32 B(i) and 33.2(i) to the Consolidated Ind AS financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts. Refer Note 32 A(iii) and 32 B(iii) to the Consolidated Ind AS financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Vijay Agarwal

(Partner)

(Membership No. 094468)

Ke

Place: Noida

Date: April 25, 2018



ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting Malana Power Company Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which is the Company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company which is the company incorporated in India, are 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 the respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company which is the company incorporated in India, 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, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 judgement, 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 internal financial controls system over financial reporting of the Holding Company and its subsidiary company which is the company incorporated in India.



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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 to the best of our information and according to the explanations given to us, the Holding Company and the subsidiary company, which is the company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies 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 Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Vijay Agarwal

(Partner)

(Membership No. 094468)

Ke

Place: Noida

Date: April 25, 2018



Malana Power Company Limited
Consolidated Balance Sheet as at March 31 2018

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3	155,001.56	161,202.22
(b) Capital work in progress	3	2.25	63.71
(c) Intangible Assets	4	47.48	0.96
(d) Financial assets			
(i) Loans	5	91.53	58.22
(ii) Others	6	3,084.41	3,083.41
(e) Asset for current tax (net)	12	-	577.37
(f) Deferred tax assets (net)	17	1,908.66	-
(g) Other non-current assets	7	1,000.00	286.48
		161,135.89	165,272.37
2 Current assets			
(a) Inventories	8	1,144.86	1,014.02
(b) Financial assets			
(i) Trade receivables	9	2,724.42	3,956.47
(ii) Cash and cash equivalents	10	3,807.42	13,818.54
(iii) Bank balances other than (ii) above	11	25,395.03	4,531.03
(iv) Loans	5	32.24	28.75
(v) Other	6	420.17	72.49
(c) Other current assets	7	246.46	251.37
		33,770.60	23,672.67
3 Asset held for sale	13	-	1,004.49
Total assets		194,906.49	189,949.53
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	14,752.57	14,752.57
(b) Other equity			
Share premium	15	32,545.67	32,545.67
Retained earnings	15	56,998.62	44,874.01
Equity attributable to Equity shareholders		104,296.86	92,172.25
Non-controlling interest		4,689.25	4,658.94
Total Equity		108,986.11	96,831.19
LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	77,257.18	82,644.66
(b) Provisions	17	242.12	200.27
(c) Deferred tax liabilities (net)	18	-	2,622.89
		77,499.30	85,467.82
2 Current liabilities			
(a) Financial liabilities			
(i) Trade payables	19	1,810.79	1,430.49
(ii) Other financial liabilities	20	5,969.20	5,728.69
(b) Provisions	17	62.82	55.23
(c) Current tax liability (net)	12	228.04	-
(d) Other current liabilities	21	350.23	436.11
		8,421.08	7,650.52
Total equity and liabilities		194,906.49	189,949.53

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP

ICAI Firm Registration Number: 117366W/W-100018

Chartered Accountants

K

Vijay Agarwal
Partner

Membership No. : 094468

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Knut Leif Bredo Erichsen
Director
DIN:-07270992

Place : Noida
Date : April 25, 2018



O.P. Ajmera
CEO and CFO
Place : Noida
Date : April 25, 2018



Arvind Gupta
Company Secretary
M.No.: F7690

Malana Power Company Limited
Consolidated Statement of Profit & Loss for the year ended March 31 2018

(₹ in lakhs)

Particulars	Note No.	March 31, 2018	March 31, 2017
I Revenue from operations	22	29,131.56	28,126.48
II Other Income	23	4,414.13	5,250.65
III Total Income (I+II)		33,545.69	33,377.13
IV Expenses			
Wheeling Cost		273.70	279.03
Bulk power transmission charges		1,794.50	1,819.85
Open access charges		1,303.98	1,689.44
Employee benefits expense	24	2,437.08	2,232.25
Finance costs	25	8,520.59	9,834.16
Depreciation and amortisation expense	26	6,446.31	6,439.25
Other expenses	27	3,039.06	2,958.14
Total expenses		23,815.22	25,252.12
V Profit before tax (III-IV)		9,730.47	8,125.01
VI Tax Expense			
Current tax/(Minimum Alternate Tax)	28	151.56	53.87
Current Tax	28	3,233.76	2,813.33
Less: MAT Credit recognised related to prior years	28	(4,153.78)	(53.87)
Less: MAT Credit utilised during the year	28	(1,287.28)	(1,133.20)
Deferred tax	28	(375.53)	(291.25)
Income tax expense		(2,431.27)	1,388.88
VII Profit for the year (V-VI)		12,161.74	6,736.12
VIII Other comprehensive income			
Items that will not to be reclassified to profit or loss:			
-Re-measurement losses on defined benefit plans (net of tax)		(6.83)	(8.56)
Other comprehensive income for the year		(6.83)	(8.56)
Other comprehensive income attributable to MPCL		(6.66)	(8.73)
Non-controlling interest		(0.17)	0.17
IX Total comprehensive income for the year, net of tax (VII + VIII)		12,154.91	6,727.56
Total comprehensive income attributable to MPCL		12,124.61	6,697.10
Non-Controlling interest		30.30	30.46
Earnings per equity share:			
Basic	29	8.24	4.57
Diluted	29	8.24	4.57

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP
 ICAI Firm Registration Number: 117366W/W-100018
 Chartered Accountants

For and on behalf of the Board of Directors of
 Malana Power Company Limited

K Vijay Agarwal
 Partner
 Membership No. : 094468

Ravi Jhunjhunwala
 Ravi Jhunjhunwala
 Chairman and Managing Director
 DIN:-00060972

Knut Leif Bredo Erichsen
 Knut Leif Bredo Erichsen
 Director
 DIN:-07270992

Place : *Noida*
 Date : *April 25, 2018*



O.P. Aimer
 O.P. Aimer
 CEO and CFO
 Place : *Noida*
 Date : *April 25, 2018*



Arvind Gupta
 Arvind Gupta
 Company Secretary
 M.No.:-F7690

Malana Power Company Limited
Consolidated Statement of changes in equity for the year ended March 31, 2018

(a) Equity share Capital

Equity shares of Rs 10 each issued, subscribed and fully paid	Number (in lakhs)	(₹ in lakhs)
As at April 1, 2016	1,475.26	14,752.57
Changes in Equity share capital during the year	-	-
As at March 31, 2017	1,475.26	14,752.57
Changes in Equity share capital during the year	-	-
As at March 31, 2018	1,475.26	14,752.57

(b) Other Equity

Particulars	Reserves and Surplus		Total	Non-Controlling Interest	Total Equity
	Securities premium account	Retained earnings			
As at April 1, 2016	32,545.67	38,176.90	70,722.57	4,628.48	75,351.06
Profit during the year	-	6,705.84	6,705.84	-	6,705.84
Other comprehensive income	-	-	-	30.29	30.29
Remeasurements of the net defined benefit plans	-	(8.73)	(8.73)	0.17	(0.05)
Total comprehensive income as at March 31, 2017	32,545.67	44,874.01	77,419.68	4,658.94	82,087.14
As at March 31, 2017	-	12,131.27	12,131.27	0	12,131.27
Profit during the year	-	-	-	30.47	30.47
Other comprehensive income	-	(6.66)	(6.66)	(0.17)	0.17
Remeasurements of the net defined benefit plans	-	12,124.61	12,124.61	30.30	12,161.91
Total comprehensive income as at March 31, 2018	32,545.67	56,998.62	89,544.29	4,689.25	94,249.04
Restated balance as at 31.03.2018	32,545.67	56,998.62	89,544.29	4,689.25	94,249.04

As per our report of even date

For Deloitte Haskins & Sells LLP

ICAI Firm Registration Number: 117366W/W-100018
Chartered Accountants

Vijay Agarwal
Partner
Membership No. : 094468

Ke

Place : *Noida*
Date : *April 25, 2018*



For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

O.P. Ajmera
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CEO and CFO

Place : *Noida*
Date : *April 25, 2018*



Knut Leif Bredo Erichsen
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Director
DIN:-07270992

Arvind Gupta
Arvind Gupta
Company Secretary
M.No.:-F7690

Malana Power Company Limited
Consolidated Statement of Cash Flow for the year ended March 31, 2018

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
A. Cash flow from operating activities		
Profit before tax	9,730.47	8,125.01
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	6,446.31	6,439.25
Assets held for sale written off	679.11	141.89
(Gain)/Loss on sale of property plant and equipment (including asset held for sale)	12.22	(3.86)
Provision for gratuity and compensated absences	64.93	12.69
Finance Cost	8,520.59	9,834.16
Bad debt written off	38.25	-
Interest Income	(1,603.18)	(1,183.66)
Working Capital Adjustments:		
(Increase) / Decrease in trade receivables	1,193.79	(1,260.09)
(Increase) / Decrease in financial assets - loans	(33.10)	(9.83)
(Increase) / Decrease in other financial assets	-	5.40
(Increase) / Decrease in other current assets and non-current assets	(708.60)	54.84
(Increase)/Decrease in inventories	(130.84)	143.03
Increase / (Decrease) in trade payables	395.78	560.89
Increase / (Decrease) in other financial liabilities	(5.55)	(37.74)
Increase / (Decrease) in other current liabilities	(85.89)	10.02
Cash generated from operations	24,514.29	22,831.99
Income Tax Paid	(1,331.22)	(1,714.09)
Net cash flow from operating activities	23,183.07	21,117.89
B. Cash flow from investing activities		
Purchase of property, plant & equipment (including capital work in progress)	(250.56)	(133.40)
Proceeds from sale of property, plant & equipment	313.31	96.40
Loans & security deposit (given)/repaid	(3.70)	(1.59)
Bank deposits redeemed/(made)	(20,865.00)	2,527.54
Other non current loans and advances (given)/repaid	-	(286.18)
Interest received	1,765.68	1,721.66
Net cash flow (used) in Investing Activities	(19,040.27)	3,924.43
C. Cash flow from financing activities		
Repayments of borrowings	(5,074.49)	(3,902.42)
Interest paid	(9,079.43)	(10,067.27)
Net cash (used) in financing activities	(14,153.92)	(13,969.69)
Net increase/(decrease) in Cash & Cash equivalent	(10,011.12)	11,072.63
Cash & Cash equivalent at the beginning of the year	13,818.54	2,745.90
Cash & Cash equivalent at year end	3,807.42	13,818.54

As per our report of even date

For Deloitte Haskins & Sells LLP

ICAI Firm Registration Number: 117366W/W-100018
Chartered Accountants

Vijay Agarwal
Partner
Membership No. : 094468

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Knut Leif Brede Erichsen
Director
DIN:-07270992

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : Noida
Date : April 25, 2018

Place : Noida
Date : April 25, 2018



Malana Power Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2018

1. Corporate information

The consolidated financial statements comprises Malana Power Company Limited (MPCL) (Holding Company) and its one subsidiary i.e. AD Hydro Power Limited (ADHPL) (together referred to as "Group") for the year ended March 31, 2018.

The Group is engaged in the generation of hydro- electric power and development of hydro power projects. The subsidiary company considered in the consolidated financial statements is 'AD Hydro Power Limited' with proportion of 88% ownership as on March 31, 2018.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. These financial statements have been prepared under the historical cost basis. Figures for the previous year ended March 31, 2017 were audited by S.R Batliboi & Co. LLP

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2018. Control is achieved when the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, Liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statement in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e. year ended on March 31, 2018. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Profit or loss each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if the results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



Consolidation Procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows to the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statement. Ind AS 12 Income tax applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

2.3 Summary of significant accounting policies

a) Use of estimates

The preparation of consolidated financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Critical accounting estimates and judgments:

The areas involving critical estimates and judgments are:

I. Service Concession Arrangements

Management has assessed applicability of Appendix A of Ind AS 11: Service Concession Arrangements to power distribution arrangements entered into by the Group. In assessing the applicability, management has exercised significant judgment in relation to the underlying ownership of the asset, terms of the power distribution arrangements entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to granted cash, significant residual interest in the infrastructure, etc. Based on detailed evaluation, management has determined that this arrangement does not meet the criterion for recognition as service concession arrangements.

II. Useful lives and residual value of property, plant and equipment and intangible assets

Useful life and residual value are determined by the management based on a technical evaluation considering nature of asset, past experience, estimated usage of the asset, vendor's advice etc and same is reviewed periodically, including at each financial year end.

III. Deferred tax assets

The Group reviews the carrying amount of deferred tax assets including MAT credit at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to utilize the deferred tax asset including MAT.



IV. Claims and Litigations

The Group is the subject of lawsuits and claims arising in the ordinary course of business from time to time. The Group reviews any such legal proceedings and claims on an ongoing basis and follow appropriate accounting guidance when making accrual and disclosure decisions. The Group establishes accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and it discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for the Group's financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. The Group does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, the Group determined that there were no matters that required an accrual as of March 31, 2018 other than the accruals already recognized, nor were there any asserted or unasserted claims for which material losses are reasonably possible.

b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of Electricity

Revenue from sale of electricity is recognised on the basis of billable electricity (over and above free supply to Himachal Pradesh's State Government) scheduled to be transmitted to the customers, which approximates the actual electricity transmitted.

Transmission Income

Revenue from transmission income is recognized on accrual basis.

Voluntary emission rights (VER), Carbon Credit Entitlement / Certified Emission Reductions ("CER")

Revenue is recognized as and when the VER's/CER's are certified and ultimate collections are made for the same.

Other Income

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest Income is included under the head 'Other Income' in the Statement of Profit and



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c) Inventory Valuation

Inventories comprising of components, stores and spares are valued at lower of cost and net realizable value. Scrap is valued at net realisable value.

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

d) Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. It includes other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the costs of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of profit and loss when incurred. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

Depreciation:

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under Schedule II of the Companies Act 2013. The Company has used the following useful lives to provide depreciation on its fixed assets.

<u>Assets</u>	<u>Useful life (Years)</u>
Buildings other than factory buildings	60
Plant and Machinery used in generation, transmission and distribution of power.	40
Hydraulic Works (Dam, Reservoir, Barrage etc)	40
Factory Buildings	30
Plant and Machinery	15
Electrical Installations	10
Furniture and Fixtures	10
Roads	10
Vehicles	8
Computers and Data processing equipments	3-6



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Notes to Consolidated Financial Statements for the year ended March 31, 2018

Office equipments	5
Software	3

The depreciation was provided in accordance with the Schedule II to the Companies Act, 2013.

e) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life of 3 to 5 years.

The intangible assets are assessed for impairment whenever there is indication that the intangible assets may be impaired. The amortization period and the amortization method are reviewed at least at each financial year end.

Gains or losses arising from recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

f) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Group is the lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

g) Impairment of Non-Financial Assets

The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by



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the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

h) 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 recognised 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. 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 recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Debt instruments at amortised cost
- ▶ Debt instruments at fair value through other comprehensive income (FVTOCI)
- ▶ Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- ▶ Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised 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.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.



Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.



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

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantees issued by the Group on behalf of subsidiary company are designated as 'Insurance Contracts'. The Group assess at the end of each reporting period whether its recognised insurance liabilities (if any) are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in profit or loss.

Derecognition

A financial liability is derecognised 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



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derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

i) Foreign currency translation

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

j) Retirement and other employee benefits

1. Defined Contribution Plan:

Retirement benefits in the form of provident fund and superannuation scheme are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund/trust.

2. Defined Benefit Plan:

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation.



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Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

k) Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing



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differences which originate first are considered to reverse first.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

l) Non-Current Asset Held for Sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The group treats sale/ distribution of the asset or disposal group to be highly probable when:

- ▶ The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- ▶ An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- ▶ The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- ▶ The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- ▶ Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

n) Cash and cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



o) Contingent Liability

A Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

q) Borrowing Cost

Borrowing costs specifically relating to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.

All other borrowing costs are expensed in the period in which they occur.

r) Fair Value measurement

The Group measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

As on reporting date, the Group doesnot have any financial instrument which has been measured either through



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FVTPL or FVTOCI.

s) Current versus Non-Current

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

1. Expected to be realised or intended to be sold or consumed in normal operating cycle
2. Held primarily for the purpose of trading
3. Expected to be realised within twelve months after the reporting period, or
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

1. It is expected to be settled in normal operating cycle
2. It is held primarily for the purpose of trading
3. It is due to be settled within twelve months after the reporting period, or
4. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

Ke



3 Property, plant and equipment

Particulars	Hydraulic Work	Building Bridges and Roads	Computers & Networks	Electric Installations	Freehold Land	Furniture and Fixtures	Office Equipments	Plant & Machinery	Transmission Line	Vehicles	Capital Work in progress	Total
Gross Block												
As at April 1, 2016	102,080.50	30,337.97	164.36	606.72	3,288.70	185.80	159.73	58,687.64	44,363.91	221.59	-	240,096.93
Additions	-	-	5.51	4.22	-	5.00	2.08	14.26	-	38.62	63.71	133.40
Disposals	10.04	-	29.43	3.53	19.53	3.28	10.46	94.54	-	16.94	-	187.76
As at March 31, 2017	102,070.46	30,337.97	140.44	607.41	3,269.17	187.52	151.35	58,607.36	44,363.91	243.27	-	240,042.57
Additions	-	137.97	19.59	0.18	-	3.47	39.60	12.56	-	39.45	76.51	329.32
Disposals	-	-	47.49	6.40	0.00	3.37	13.29	18.84	-	46.02	137.97	273.39
As at March 31, 2018	102,070.46	30,475.94	112.54	601.19	3,269.16	187.62	177.65	58,601.09	44,363.91	236.70	2.25	240,098.51
Accumulated Depreciation												
As at April 1, 2016	29,325.31	13,317.30	155.65	463.59	-	162.62	137.61	17,847.06	10,884.34	139.16	-	72,432.64
Charge for the year	2,008.25	2,520.92	2.40	31.68	-	5.69	5.02	1,142.39	910.21	12.68	-	6,439.25
Disposals	1.54	-	28.45	3.82	-	3.02	12.61	30.81	0.00	14.95	-	95.31
As at March 31, 2017	31,332.02	15,638.22	129.60	491.45	-	165.29	130.02	18,958.64	11,794.55	136.89	-	78,776.68
Charge for the year	2,008.79	2,321.97	3.04	18.15	-	3.21	13.98	1,145.07	910.21	17.96	-	6,442.38
Disposals	-	-	45.88	6.10	-	2.06	12.63	16.17	-	41.51	-	124.36
As at March 31, 2018	33,340.81	17,960.19	86.76	503.50	-	166.44	131.37	20,087.53	12,704.76	113.33	-	85,094.70
Net Block												
As at April 1, 2016	72,755.19	17,020.67	8.72	143.13	3,288.70	23.18	22.12	40,840.58	33,479.57	82.43	-	167,664.28
As at March 31, 2017	70,738.44	14,699.75	10.84	115.96	3,269.17	22.23	21.33	39,648.76	32,569.36	106.37	63.71	161,265.93
As at March 31, 2018	68,729.65	12,515.75	25.78	97.68	3,269.16	21.18	46.28	38,513.56	31,659.15	123.36	2.25	155,003.81

Notes :

- 1) All the assets are owned by the company except as mentioned otherwise.
- 2) Building, bridges and roads includes cost of road ₹ 1,357.41 lakhs (Previous year ₹ 1,357.41 lakhs) and written down value of ₹ 61.42 lakhs (previous year ₹ 61.42 lakhs) constructed on forest land diverted for the project under irrevocable right to use.
- 3) Transmission Lines includes ₹ 5295.79 lakhs (Previous year Rs. 5295.79 lakhs) towards cost of land and compensation paid to Forest Department for construction of Transmission towers under irrevocable right to use.
- 4) Land includes ₹ 2999.04 lakhs paid for 12.43 hectares land, out of which mutation for execution of 9.70 hectares in favour of the Company has been completed. Apart from notified land, 2.73 hectares land has been acquired directly from the villagers and mutation is in progress.
- 5) Refer note - 16 for the information on Property, Plant and Equipment pledged as security.

4 Intangible Asset

Particulars	Computer software	Total
Gross Block		
As at April 1, 2016	59.29	59.29
As at March 31, 2017	59.29	59.29
Addition	50.45	50.45
Disposals	4.38	4.38
As at March 31, 2018	105.36	105.36
Accumulated Amortisation		
As at April 1, 2016	58.33	58.33
As at March 31, 2017	58.33	58.33
Charge for the year	3.93	3.93
Disposals	4.38	4.38
As at March 31, 2018	57.88	57.88
Net Block		
As at April 1, 2016	0.96	0.96
As at March 31, 2018	47.48	47.48

(₹ in lakhs)



5. Loans

	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered goods				
Security deposits	20.88	45.88	-	-
Loans to employees	70.65	12.34	32.24	28.75
Total	91.53	58.22	32.24	28.75

6. Other financial assets

Particulars	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
n) Advance for Bara Banghal project [including Rs 681.88 lakh (previous year Rs 681.88) towards consultancy and other expenses on the project] (Unsecured, considered doubtful)	3,060.00	6,801.84	-	-
- Unsecured, considered good	3,741.84	-3,741.84	-	-
- Unsecured, considered doubtful	-3,741.84	-	-	-
Less: Provision against upfront premium				
Total (a)	3,060.00	3,060.00	-	-
b) Others				
- Interest accrued on banks deposits	-	-	420.17	72.49
- Surrender value of keyman insurance policy	21.01	21.01	-	-
- Deposits with original maturity period of more than 12 months*	3.40	2.40	-	-
Total (b)	24.41	23.41	420.17	72.49
Total (a+b)	3,084.41	3,083.41	420.17	72.49

* Fixed deposit of Rs 3.40 Lakhs (previous year Rs 2.40 Lakhs) pledged with the H.P. Government Sales Tax Department and Transport Authority

7. Other non current and current assets

Particulars	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
a) Advance recoverable				
- Unsecured considered good	-	275.04	214.69	248.78
- Unsecured considered doubtful	-	-	24.40	24.40
Less: provision for doubtful advance	-	-	-24.40	-24.40
- Advances to employees	-	11.43	31.77	2.59
- Balance with Government authorities	-	-	-	-
- Amount paid under protest*	1,000.00	-	-	-
Total other assets	1,000.00	286.48	246.46	251.37

* Amount deposited under protest in favour of Registrar (General) High Court of Himachal Pradesh, Shimla

8. Inventories (Lower of cost and net realizable value)

Particulars	As at March 31, 2018	As at March 31, 2017
Stores and spares*	1,132.22	1,001.38
Scrap	12.64	12.64
Total	1,144.86	1,014.02

* Includes store lying with third parties ₹ 66.52 lakhs (previous year ₹ 43.82 lakhs)

9. Trade receivables

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
Trade Receivable		
Unsecured, considered good	3,041.10	4,273.16
Less: Provision for doubtful receivables	-316.68	-316.68
Total	2,724.42	3,956.47

Note: The average credit period for the Company's receivables from its generation and transmission business is in the range of 5 to 7 days.

10. Cash and cash equivalents

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
(a) Balances with banks:		
- In Current Accounts	341.92	775.29
- In Deposit Accounts (with original maturity less than 3 months)	3,459.53	13,035.49
(b) Cash on hand	5.97	7.76
Total	3,807.42	13,818.54



11. Bank balances (other than cash and cash equivalents)

(₹ in lakhs)

Particulars	Current	
	As at March 31, 2018	As at March 31, 2017
(a) In Earmarked Accounts (Deposits kept as margin money against borrowings)	4,729.03	4,529.03
(b) In Deposit Accounts (with original maturity more than 3 months but less than 12 months)	20,666.00	2.00
Total	25,395.03	4,531.03

12. Tax Assets / (Tax liabilities)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance Tax / TDS (net of provisions) classified as:		
- Assets for current taxes (net) in non-current Assets	-	577.37
- Current tax liabilities (net) in current liabilities	(228.04)	-
Total	(228.04)	577.37

13. Assets held for sale

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Fixed assets (project equipment) held for sale (at net book value or estimated net realisable value, whichever is lower)	-	1,004.49
Total	-	1,004.49

14. Share capital

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised 160,000,000 (previous year 160,000,000) equity shares of Rs. 10 each	16,000.00	16,000.00
Issued, Subscribed and fully paid-up 147,525,731 (previous year 147,525,731) equity shares of Rs 10 each fully paid	14,752.57	14,752.57
Total	14,752.57	14,752.57

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

(₹ in lakhs)

Particulars	March 31, 2018		March 31, 2017	
	Number of shares	Amount (Rupees in lakhs)	Number of shares	Amount (Rupees in lakhs)
Shares outstanding at the beginning of the year	147,525,731	14,752.57	147,525,731	14,752.57
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	147,525,731	14,752.57	147,525,731	14,752.57

(b) Terms/rights 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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

Particulars	March 31, 2018		March 31, 2017	
	No. of shares	(₹ in lakhs)	No. of shares	(₹ in lakhs)
Bhilwara Energy Limited, the holding company	75,238,123	7,523.80	75,238,123	7,523.80

(d) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs. 10 each fully paid up	March 31, 2018		March 31, 2017	
	Number of shares	% Holding	Number of shares	% Holding
Name of the Share Holders				
Bhilwara Energy Limited	75,238,123	51.00%	75,238,123	51.00%
Statkraft Holding Singapore Pte Limited (earlier known as SN Power Holding Singapore Pte Limited)	72,287,608	49.00%	72,287,608	49.00%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents both legal & beneficial ownership of shares.



15. Other Equity

	(₹ in lakhs)
Share premium Account	32,545.67
As at March 31, 2016	-
Additions during the period	32,545.67
As at March 31, 2017	-
Additions during the period	32,545.67
As at March 31, 2018	(₹ in lakhs)
Retained earnings	38,176.90
As at March 31, 2016	6,705.84
Profit for the year	(8.73)
Other comprehensive income	44,874.01
As at March 31, 2017	12,131.27
Profit for the year	(6.66)
Other comprehensive income	56,998.62
As at March 31, 2018	

16. Non-Current Borrowings

Particulars	Non - Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured-Measured at amortised cost				
From banks (secured)	15,492.80	37,838.99	-	-
(i) Term loans from financial institutions (Refer Note 14.1)	54,880.24	36,953.63	-	-
Redeemable Non-Convertible Debentures	12,443.34	13,098.25	-	-
No of debenture 13.09.825 (previous year 13.09.825) of Rs 1000 each				
Current Maturities of long term borrowings	(5,559.20)	(5,246.21)	-	-
Current Maturities of long term borrowings	77,257.18	82,644.66	-	-

16.1 Additional Disclosures
As at March 31, 2018

Particulars	(₹ in lakh)		Terms of repayment
	Carrying Value	Loan maturity date	
In case of Holding Company			
IDFC Infrastructure Finance Limited - 1	4,680.48	30.09.2029	Repayable in structured 54 quarterly installments commencing from 31st march 2017 and ending 30 September 2029
IDFC Infrastructure Finance Limited - 2	8,214.71	30.09.2029	Repayable in structured 51 quarterly installments commencing from 31st march 2017 and ending 30 September 2029
India Infradebt Limited	5,635.40	30.09.2029	Repayable in structured 51 quarterly installments commencing from 31st March 2017 and ending on 30th September 2029.
In case of Subsidiary Company			
IL&FS INFRA(NCDs- sub-debt)	12,443.34	December-23	unequal half yearly installments till December 2023
International Finance Corporation (Washington)	3,899.04	July-20	40 quarterly installments starting from October 2010 till July 2020
International Finance Corporation (Washington)	11,764.13	January-23	46 quarterly installments starting from October 2011 till January 2023
India Infradebt Limited - 1	8,336.73	August-30	56 Structured installments commencing from 31st May 2017 and ending on 31st August 2030.
India Infradebt Limited - 2	2,945.66	August-30	56 Structured installments commencing from 31st May 2017 and ending on 31st August 2030.
IDFC Infrastructure Finance Limited-1	5,268.72	August-30	60 structured installments commencing from 30th May 2016 and ending on 31st August 2030.
IDFC Infrastructure Finance Limited-2	4,264.64	August-30	56 Structured installments commencing from 31st May 2017 and ending on 31st August 2030.
IndusInd Bank Limited	15,492.80	August-30	56 structured installments commencing from 31st May 2017 and ending on 31st August 2030.
Total	82,945.65		



In case of Holding Company

The Company had taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd. carrying floating interest at ICICI bank base rate plus 0.675% currently @ 9.525% per annum (previous year @ 9.925%) secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis.

The Company has taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd. carrying interest @ 9.65% per annum fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis.

The Company has taken Indian Rupee term loans from India Infradebt Ltd. carrying interest @ 9.65% per annum fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis.

IDBI Trusteeship Services Limited is acting as the Security Trustee on behalf of the above two lenders and the charge is jointly created in its favour.

In case of Subsidiary Company

Redeemable Non-convertible Debenture represent Debenture issued to IL&FS Infrastructure Debt Fund (IDF) during the financial year 2013-14 and 2014-15. The debentures carries interest rate of @ 10% per annum (previous year @ 10%) (floating) and were issued at a discount of 0.75% to the face value. The debenture issued to IL&FS IDF are secured by way of:

- Exclusive charge on the freehold non-agricultural land situated at Mouje Badasan of Kadi Taluka in Dist Mehsana, Gujarat.
- Second charge/mortgage on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, intangibles, bank debts, operating cash flows, all bank accounts etc., present and future, of the Company, on pari passu basis. Further, the holding company, Malana Power Company Limited, has provided corporate guarantee in case of default in repayment and has also given subervient pledge of its investment in the Company.

IDBI Trusteeship Services Limited is acting as the Debenture Trustee on behalf of the above debenture holders and the charge has been created in its favour.

The Company has taken Indian Rupee term loans from IndusInd Bank Limited. The loan is carrying fixed interest @ 9.15% p.a. p.m. till 31st July 2019 and after that the loan will carry interest at the then prevailing Marginal Cost Lending Rate (MCLR) plus spread of 0.40% (previous year @ 9.5% per annum).

Secured by way of first mortgage and charge on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, intangibles, bank debts, operating cash flows, all bank accounts etc., present and future, of the Company, on pari passu basis. Further, the holding company, Malana Power Company Limited, has provided corporate guarantee (up to annual cap of Rs.80.00 Cr) in case of default in repayment and has also pledged its investment in the Company.

A pledge over all the shares held by the Malana Power Company Limited (i.e. 88% of the total equity share capital and except 49,890 (0.01%) shares held jointly with individual shareholders) in favour of the Security Trustee/ the Lender.

IDBI Trusteeship Services Limited is acting as the Security Trustee on behalf of the senior lenders and the charge is jointly created in its favour.

- Term loan from a financial institution (represents loan from IFC, Washington, also a minority shareholder) was taken during the financial year 2007-08 and carries fixed interest @ 7.51% to 10.18% per annum. Further term loan from IFC Washington was taken during the years 2009-10 to 2011-12 and carries fixed interest @ 10.19% to 11.50% per annum.

Secured by way of first charge and mortgage on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, intangibles, bank debts, operating cash flows, all bank accounts etc., present and future, of the Company, on pari passu basis. Further, the holding company, Malana Power Company Limited, has provided corporate guarantee (up to annual cap of Rs.80.00 Cr) in case of default in repayment and has also pledged its investment in the Company.

A pledge over all the shares held by the Malana Power Company Limited (i.e. 88% of the total equity share capital and except 49,890 (0.01%) shares held jointly with individual shareholders) in favour of the Security Trustee/ the Lender.

IDBI Trusteeship Services Limited is acting as the Security Trustee on behalf of the senior lenders and the charge is jointly created in its favour.

- The Company had taken Indian Rupee term loans of Rs.5268.71 lakhs (IDFC Infrastructure Finance Ltd - 1) carrying floating interest at ICICI base rate plus 0.675% currently @ 9.525% per annum (previous year @ 9.925% per annum). Further, the Company has also taken Indian Rupee term loan Rs.4264.64 lakhs (IDFC Infrastructure Finance Ltd -2) carrying fixed interest @ 9.65% per annum fixed for 5 years.

Secured by way of first mortgage and charge on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, intangibles, bank debts, operating cash flows, all bank accounts etc., present and future, of the Company, on pari passu basis. Further, the holding company, Malana Power Company Limited, has provided corporate guarantee (up to annual cap of Rs.80.00 Cr) in case of default in repayment and has also pledged its investment in the Company.

A pledge over all the shares held by the Malana Power Company Limited (i.e. 88% of the total equity share capital and except 49,890 (0.01%) shares held jointly with individual shareholders) in favour of the Security Trustee/ the Lender.

IDBI Trusteeship Services Limited is acting as the Security Trustee on behalf of the senior lenders and the charge is jointly created in its favour.

The Company had taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd. Carrying interest at ICICI base rate plus 0.675% currently @ 9.925% per annum (previous year @ 10.425% per annum) secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis. repayable in structured 60 quarterly installments commencing from 31st May 2016 and ending on 31st August 2030.

The Company has taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd. carrying interest @ 9.65% per annum fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis. Repayable in structured 56 structured installments commencing from 31st May 2017 and ending on 31st August 2030.

- The Company has taken Indian Rupee term loans from India Infradebt Ltd Carrying interest @ 9.65% per annum (fixed for 5 years)

Secured by way of first mortgage and charge on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, intangibles, bank debts, operating cash flows, all bank accounts etc., present and future, of the Company, on pari passu basis. Further, the holding company, Malana Power Company Limited, has provided corporate guarantee (up to annual cap of Rs.80.00 Cr) in case of default in repayment and has also pledged its investment in the Company.

A pledge over all the shares held by the Malana Power Company Limited (i.e. 88% of the total equity share capital and except 49,890 (0.01%) shares held jointly with individual shareholders) in favour of the Security Trustee/ the Lender.

IDBI Trusteeship Services Limited is acting as the Security Trustee on behalf of the senior lenders and the charge is jointly created in its favour.



17. Provisions

(₹ in lakhs)

Particulars	Non - current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits	-	-	41.42	50.49
Provision for gratuity	242.12	182.59	21.40	4.74
Provision for compensated absences	-	17.68	-	-
Continuity loyalty bonus	-	-	-	-
Total	242.12	200.27	62.82	55.23

18. Deferred tax (assets) / liabilities (net)

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
A. Tax effects of items constituting deferred tax liability:		
Property, plant & equipment	2,631.08	3,180.88
Total Deferred tax liability (A)	2,631.08	3,180.88
B. Tax effects of items constituting deferred tax assets:		
Others	(53.25)	(20.86)
MAT Credit entitlement	(4,486.49)	(537.13)
Total Deferred tax asset (B)	(4,539.74)	(557.99)
Net Deferred tax (assets)/liability/ (A+B)	(1,908.66)	2,622.89

19. Trade payables

(₹ in lakhs)

Particulars	Non - current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Trade payable (see notes below)	-	-	-	-
- total outstanding dues of micro, small and medium enterprises	-	-	-	-
- total outstanding dues of creditors other than micro, small and medium enterprises	-	-	1,810.79	1,430.49
Total	-	-	1,810.79	1,430.49

Note:

i) According to the records available with the company dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small Medium Enterprises Development Act, 2006 during the year is ₹ NIL (previous year ₹ NIL). Accordingly, disclosures relating to amounts unpaid as year end together with the interest paid/payable as required under the said Act are not applicable. Further no interest has been paid or was payable to such parties under the said Act in the previous year.

20. Other financial liabilities

(₹ in lakhs)

Particulars	Non - current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
a) Current maturities of long term borrowings	-	-	5,559.20	5,246.21
b) Sundry deposits	-	-	13.95	9.22
c) Interest accrued but not due on loan from financial institution	-	-	343.38	392.04
d) Capital Creditor	-	-	52.67	70.94
	-	-	-	10.28
Total	-	-	5,969.20	5,728.69

21. Other liabilities

(₹ in lakhs)

Particulars	Non - current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Statutory liabilities (Contribution to PF, TDS, GST, etc.)	-	-	245.38	135.56
Advance received for tower rerouting work	-	-	104.85	300.55
Total	-	-	350.23	436.11



22. Revenue from operations

Particulars	₹ in lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from power supply and transmission charges	26,675.51	25,050.92
a) Revenue from power supply (gross)	(1,146.70)	(231.21)
Less Discount and Rebates	242.35	196.74
Less Unscheduled intercharge charges	(11.58)	(16.43)
Less Handling charges (NRLDC/ULDC charges)	25,759.58	25,000.01
Total (a)		
b) Transmission income	3,371.98	3,126.47
Total (b)	3,371.98	3,126.47
Net Revenue from Operations (a+b)	29,131.56	28,126.48

23. Other income

Particulars	₹ in lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Interest income		
i) Financial assets held at amortised cost	1,566.55	1,143.07
- Interest on bank deposits	1.09	16.92
- Interest on employee loan		
ii) Others	35.54	23.67
- Interest on income tax refund		
b) Others non operating income	2,813.63	3,912.06
- Sale of voluntary emission reductions (VER)/CER	(58.07)	(76.67)
- Expenses on sale of certified emission reductions	-	102.39
- Insurance claim	55.13	121.66
- Miscellaneous income		
c) Others gain and losses	0.27	3.86
- Gain on disposal of property, plant and equipment	-	3.69
Other non-operating income	4,414.13	5,250.65
Total		

24. Employee benefits expenses

Particulars	₹ in lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Salaries, wages and bonus	1,847.14	1,690.40
b) Director's remuneration	277.11	258.29
c) Contribution to provident and other funds	115.06	107.09
d) Gratuity expenses	32.36	29.88
e) Leave Compensation expense	33.14	26.90
f) Workmen and staff welfare expenses	132.27	119.69
Total	2,437.08	2,232.25

25. Finance costs

Particulars	₹ in lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Interest cost	7,505.74	8,298.23
- Interest on term loans	942.36	1,322.62
- on debentures	8.59	12.56
- Interest on delayed payment of Income Tax	-	-
b) Other Borrowing cost	-	55.10
- Upfront fee	63.90	145.65
- Financial and Bank charges	-	-
Total	8,520.59	9,834.16

26. Depreciation and amortisation expense

Particulars	₹ in lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Depreciation on property, plant and equipment	6,442.38	6,439.25
b) Amortisation of intangible assets	3.93	-
Total	6,446.31	6,439.25

27. Other expense

Particulars	₹ in lakhs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spares	334.49	246.03
Rent	61.72	70.95
Power and fuel	136.34	136.32
Repair and maintenance	-	-
- Civil work	-	100.90
- Buildings	255.85	9.89
- Plant and machinery	165.75	544.36
- Others	35.68	31.60
Rates and taxes	3.45	2.35
Insurance	285.93	335.27
Payment to auditor (Refer details below)	29.74	38.54
Communication costs	13.81	15.96
Printing and stationery	6.75	6.59
Travelling and conveyance	109.97	117.71
Membership fees and subscriptions	1.89	13.75
Legal and professional fees	296.26	339.04
Social welfare expenses	17.72	91.66
CSR expenses (Refer details below)	109.56	59.08
Miscellaneous expenses	228.21	227.60
Security arrangement expense	123.98	135.89
Vehicle running & hiring expenses	91.62	112.21
Inventory written off	-	129.34
Assets held for sale written off	679.11	189.42
Loss on sale of fixed assets written off (net)	12.99	3.68
Bad debt written off	38.25	-
Total	3,039.06	2,958.14



Notes:

(₹ in lakhs)		
(1) Payment to Auditors:		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) As auditor:		
- Audit fee	17.73	23.00
- Fees for consolidation	-	1.15
- Fees for international reporting	8.26	10.35
b) In other capacity		
- Fees for other services	-	0.08
- Fees for certification	1.18	0.58
- Out of pocket expenses	2.57	3.38
Total	29.74	38.54

(2) Corporate social responsibility expenditure

(₹ in lakhs)		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Amount required to be spent as per Section 135 of the Act	159.12	67.02
b) Amount spent during the year on:		
(i) Construction/Acquisition of any asset	9.78	-
(ii) On purposes other than (i) above	99.78	59.08
Total	109.56	59.08

28. Income tax expense

(₹ in lakhs)		
a) Income tax recognised in profit and loss		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax	3,233.76	2,867.20
Current Tax (MAT)	151.56	-
Deferred tax	(375.53)	(291.25)
MAT Credit availed related to prior years	(4,153.78)	(53.87)
MAT Credit utilised during the year	(1,287.28)	(1,133.20)
Total Income tax (credit)/expenses recognised in the current year	(2,431.27)	1,388.88

b) Income tax expense for the year can be reconciled to the accounting profit as follows:

Numerical reconciliation of tax expense applicable to profit before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Accounting profit before tax from continuing operations	9,730.47	8,125.01
Profit/Loss before tax from a discontinued operation	-	-
Accounting Profit before Income Tax	9,730.47	8,125.01
At India's statutory income tax rate of 34.608%	3,367.52	2,811.90
Tax effect of permanent differences:		
Expenditure not allowed for tax purpose-CSR Expenses	37.91	121.17
Income not credited to Profit and loss A/C	-	-
Tax effect due to change in tax rates	(485.82)	0.13
Income not credited to Profit and loss a/c	-	1.72
Deferred tax liability not recognised	(228.38)	(0.61)
Deferred tax on unabsorbed depreciation	-	(198.08)
Income tax disallowed for tax purposes	(37.42)	(0.70)
Prior year tax effect on deferred tax liability	-	(213.45)
Net income tax expense	2,653.81	2,522.08
Add: MAT on book profits	151.56	-
Add: Deferred tax charge related to previous years	204.42	-
	(4,153.78)	-
MAT Credit availed related to prior years	(1,287.28)	(1,133.20)
MAT Credit utilised during the year	(2,431.27)	1,388.88
Income tax expenses reported in the Statement of Profit and Loss	(2,431.27)	1,388.88

(c) Reconciliation of (deferred tax asset)/liability	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Balance	2,622.89	2,323.08
Tax (income)/expense during the period recognised in profit or loss	(375.53)	291.25
Tax (income)/expense during the period recognised in OCI	(6.83)	8.56
MAT Credit recognised	(4,153.78)	-
Closing Balance	(1,908.66)	2,622.89

(d) Details of unrecognised tax credit:	For the year ended March 31, 2018	For the year ended March 31, 2017
Particulars		
Unrecognised tax credit balance	-	5,431.18
		5,431.18

(d) Items on which DTA has not been created	For the year ended March 31, 2018	For the year ended March 31, 2017
Business loss brought/ carried forward	1,611.30	1,763.48
Unabsorbed depreciation brought/ carried forward	8,938.46	8,620.11
MAT Credit entitlement	355.98	204.42
	10,905.74	10,588.01

29. Earnings per share

(Rupees in lakhs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Basic and diluted earning per share	8.24	4.57
30.1 Basic and diluted earning per share		
Profit for the year attributable to owners of the Company	12,161.74	6,736.12
Earning used in the calculation of basic and diluted earning per share	12,161.74	6,736.12
Weighted average number of equity shares for the purpose of basic and diluted earning per share (No. of share in lakh)	1,475.26	1,475.26



Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018****30. Segment Reporting**

The Group's activities during the year involved generation of the hydro power (Refer Note 1). Considering the nature of Group's business and operations, there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of Indian Accounting Standard 108 'Segment Reporting'. The Chief Operational Decision Maker monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

Revenue of the Group is majorly from sale of electricity to two major customers.

31. The details of subsidiary company i.e. AD Hydro Power Limited is as follows :

Name of the entity	Country of Incorporation	Nature	Net Assets		Share in profit or loss		Share in OCI		Share in Total Comprehensive Income	
			% of Consolidated Net Assets	Amount (Rs. in lakhs)	% of Consolidated profit or loss	Amount (Rs. in lacs)	% of Consolidated Comprehensive Income	Amount (Rs. in lacs)	% of Consolidated Comprehensive Income	Amount (Rs. in lacs)
Malana Power Company Limited	India	Parent	2.53%	2775.70	56 %	6,806.07	79.80%	-5.45	55.90%	6,800.62
AD Hydro Power Limited	India	Subsidiary	93.2%	1,01,521.42	43.80%	5,325.20	17.72%	-1.21	43.80%	5,324
International Finance Corporation	USA	Minority Interest	4.30%	4,689.25	0.30%	30.47	2.49%	-0.17	0.20%	30.30
Total			100%	108,986.11	100%	12,161.74	100%	-6.83	100%	12,154.91

32. Contingent Liabilities and Commitments (to the extend not provided for)**A. With respect to the Holding Company :****(i) Contingent Liabilities**

- In respect of assessment years 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14, the Assessing Officer raised demands of Rs 15.54 lacs, Rs 34.07 lacs, Nil, Rs 68.75 lacs, Rs 38.70 lacs, Rs 71.19 lacs and Rs 1.16 lacs respectively on account of disallowed certain expenses under MAT computation and is of the view that these expenses were incurred towards exempt income under section 14A of the Income-tax Act, 1961. Based upon the favourable order passed by the Income tax authorities in the past in certain assessment year's appeal proceedings, the Company is of the view that the above said demands are not tenable and frivolous as the investment were made through internal accruals and did not earn any income from the investment during the above said assessment years thus remote in nature.
- Further, in respect of the above said assessment years mentioned in point (i) above under regular Income tax provision, the Assessing officer had disallowed certain expenses including proportionate amount of deduction under section 80-IA, denied the claim of the Company to treat the income from



Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018**

carbon credit as capital receipt etc. The Company is under litigation on the above said matters at Commission of Income tax (Appeals), Income tax Appellate Tribunal (ITAT) and Supreme Court for Assessment years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14, 2014-15 and 2008-09, respectively.

The Company is of the view that no contingent liability exist in relation to Assessment years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 as the Company did not recognize MAT credit in relation to those assessment years. Further, in relation to Assessment years 2008-09 and 2014-15, the Company has considered the contingent liability of Rs 20.65 lacs and Rs 30.84 lacs, respectively, as the Company utilized the MAT credit in respect of these assessment years.

(ii) Financial guarantee

The Holding Company has provided Corporate/Default Guarantee to FIs/Banks for the loans extended by them to AD Hydro Power Limited (subsidiary company).

Particulars	(₹ in lakhs)	
	As at March 31, 2018	As at March 31, 2017
a) The amount of outstanding loans covered by such guarantees	64,285.79	68,925.71
b) Under the terms of the said guarantee the maximum amount for which the company may be contingently liable during the next 12 months	5,124.65	4,811.65

(iii) Commitments

- Malana Power Company Limited has entered into agreement with Himachal Pradesh State Electricity Board (HPSEB) to wheel or transfer energy from Bajaura sub station to 400 kV substation of Powergrid Corporation of India(Powergrid) limited at Nalagarh (i.e. interstate point). The company has agreed to pay wheeling charges. This, being firm commitment, is recognized as an expense, on receipt of monthly bills from HPSEB under the head 'Wheeling Charges' in the statement of profit and loss.
- At March 31, 2018, the Company has committed for non-disposal of its investment in subsidiary AD Hydro Power Limited to its lenders (similar commitment was there in the previous year also).

Apart from the above, the Company does not have any long term commitments of material non-cancellable contractual commitments/contracts including derivatives contract for which there were any material foreseeable losses.



Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018****B. With respect to the Subsidiary Company :****i) Contingent Liabilities**

(₹ in lakh)		
Particulars	As on March 31 2018	As on March 31 2017
Claims against the Company not acknowledged as debt:		
- Demand under The Building & Other Construction Workers Welfare Cess Act, 1996 (BOCW) (Refer note (a) below)	1,459.58	1,459.58
- Demand under Local Area Development Fund (LADF) from Directorate of Energy, Government of Himachal Pradesh (refer note (b) below)	1,427.00	1,427.00
- Demand raised by Directorate of fisheries. Himachal Pradesh (refer note (c) below)	99.75	99.75
- Demand of lease rentals by Himachal Pradesh Govt. for diverted forest land (refer note (d) below)	-	6,233.19

*Company believes that these claims/demands are not probable to be decided against the Company and therefore, no provision for the above is required.

Notes:

- (a) During the financial year 2012-2013, the Assessing Officer through its order dated January 23, 2013 has raised a demand of ₹1,459 lakhs under the Building & Other Construction Workers Welfare Cess Act, 1996 ("BOCW Act") for the period from January 1, 2005 to July 31, 2012. The Company is of the view, based upon legal expert opinion, that the obligation to pay Cess under BOCW Act arise for the period commencing from December 8, 2008 to July 1, 2010 only (i.e from the date when the rules were notified and up to the date when factory license was granted). Based upon this, the Company had filed a writ petition before the High Court of Himachal Pradesh for the above said amount. During the hearing held on February 28, 2013, an interim Stay has been granted against the demand.

Pending any further directions by the High Court and based upon the legal expert opinion, management is of the view that no provision is deemed necessary in the financial statements in this regard.

- (b) During 2006, Directorate of Energy of Himachal Pradesh had raised a demand of ₹ 1,427 lakh towards local area development fund (LADF) @ 1.5% of the final cost of the project of ₹ 1607 crores after considering the expenses already incurred by the Company of Rs 984 lakh, based upon the guidelines issued on LADF activities by Government of Himachal Pradesh in December 11, 2006 and as amended in October 5, 2011. However, the management is of the view, this amount was to be computed @ 1.5% of the total capital cost as reflected in Detailed Project Report i.e. ₹ 922 crores in terms of agreement dated November 05, 2005 entered with the Government of Himachal Pradesh, after considering the amount that has already been incurred and deposited by the Company aggregating to ₹1423 lakh. Considering the above matter, management is of the view that the Company has complied with the conditions agreed in terms of the



Malana Power Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2018

agreement dated November 05, 2005 with Government of Himachal Pradesh which is prior to the date of guidelines issued in 2006 and thus no additional provision is required. Currently this matter is being contested before High Court of Himachal Pradesh on which stay has been granted on the said demand.

- (c) The Department of Fisheries vide letter dated January 4, 2013 directed the Company to pay amount of ₹ 99.75 lakh for granting of No Objection Certificate (NOC) for setting up Hydro Power Project in the state of Himachal Pradesh as per requirements of HP State Pollution Control Board. Management is of the view that the Company is not covered under the negative list under the policy norms issued in 2008 by the Fisheries Department for issuance of NOC in setting up the Power Project in the state of Himachal Pradesh and thus the above said demand is not tenable hence no provision is required.

The Company has filed a writ petition in High Court of Shimla and is contesting the same on the ground that the streams identified in respect of ADHPL project are not covered in the negative list issued by Fisheries Department. The Company has deposited under protest an amount of ₹35 lakhs as per interim order of High Court of Himachal Pradesh. The Hon'ble High Court of Himachal Pradesh has granted stay on the said demand.

- (d) During the financial year 2015-2016, the Government of Himachal Pradesh (GOHP) had framed the policy of levying the lease amount on the diverted forest land with retrospective effect and raised the demand of lease rent for the period Dec 28, 2004 in respect of 37.620 hectares and from Feb 16, 2008 for 9.55 hectares, towards the diverted forest land till date. Till previous year, the matter was pending at High Court, Shimla and therefore, Company recognized contingent liability of ₹ 6,233.19 lakhs. Further, during the current year the Company has received favorable order from High Court dated July 05, 2017 in which the above said demand has quashed.
- (e) The Company is subject to certain legal proceedings and claims, which have arisen in the ordinary course of business, for the lands and right to use lands acquired by it and recovery suits filed by various parties. These cases are pending with various courts. After considering the circumstances and legal advice received, the management believes that the chances to decide the case against the Company is remote and thus these cases will not have any material impact on the financial statements.

(iii) Commitments

- a) AD Hydro Power Limited has entered into Bulk Power Transmission Agreement with Power grid Corporation of India Limited (Powergrid) to avail long term open access to the transmission system of Powergrid for transfer of power from Allain Duhangan HEP to Northern Region Constituents. The Company has agreed to share and pay all the transmission charges of Powergrid for a period of 40 years from Commercial Operation Date) i.e. July 29, 2010. This being firm commitment is recognized as an expense, on receipt of monthly bills from Power grid, under the head 'Bulk power transmission charges' in the Statement of profit and loss.
- b) The Company has other commitments for the purchase order issued after considering the requirement per operating cycle for purchase of goods and services in the normal course of business. The Company does not have any long term commitments of material non-cancellable contractual commitments / contracts including derivative contract for which there were any material foreseeable losses.

33.2 Others matters

- (i) Everest Power Private Limited (EPPL) is using the dedicated transmission line of ADHPL. Initially, for using the transmission system of the Company, Transmission charges to be paid by EPPL were not agreed. As per the Appellate Tribunal for Electricity's ('APTEL') interim order dated June 10, 2011, an Interim Power Transmission Agreement (IPTA) was signed between ADHPL and EPPL on August 9, 2011 in which



Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018**

EPPL agreed to pay monthly transmission charges of INR 22.78 million for the EPPL's Injected energy / power wheeled through the transmission system of ADHPL.

Subsequently, EPPL has raised dispute on determination of the transmission charges and stopped the payment of transmission charges after October 2012. The Company ultimately filed an appeal before the Hon'ble Supreme Court of India who gave directions for the payment of arrears of transmission charges and continuation of the payment of monthly transmission charges as per the IPTA till the final adjudication on the matter by it. Based on Supreme Court direction, EPPL has started making the payment, however same was again stopped from March 2017. Supreme Court in its final Judgment on April 26, 2017 held that CERC has jurisdiction over the case and determination of tariff and disputes on this matter.

Accordingly the Company has filed tariff petition with CERC on September 8, 2017. The matter is pending with CERC for determination of final tariff to be paid by EPPL. As on March 31, 2018, the outstanding balance against invoice raised is of ₹ 2795.03 lakhs.

34. Related party transactions

Disclosures as required by Ind AS 24 – “Related Party Disclosures” are as follow:

(a) Names of related parties and description of relationship

Description of relationship	Name of related party
Holding Company	Bhilwara Energy Limited
Subsidiary Company	AD Hydro Power Limited
Enterprise having significant influence over the company	Statkraft Holding Singapore PTE Limited
Fellow Subsidiary Companies	Indo Canadian Consultancy Services Limited
Key Management Personnel	Mr. Ravi Jhunjunwala, Chairman & Managing Director Mr. R.P Goel – Whole Time Director Mr. O.P Ajmera, CEO and CFO Mr. Arvind Gupta*
Relatives of key management personnel	Mrs. Rita Jhunjunwala (wife of the Chairman & Managing Director) Mr. Riju Jhunjunwala (son of the Chairman & Managing Director) Mr. Rishabh Jhunjunwala (son of the Chairman & Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	HEG Limited, RSWM Limited
Enterprises on which Statkraft Holding Singapore PTE Limited has significantly influence	Statkraft Market Private Limited Statkraft India Private Limited S N Power Invest Asia Pte Limited, Singapore
Trust under common control	Malana Power company Limited Employees Gratuity Trust Malana Power company Limited Sr. Executive Company Superannuation Scheme Trust AD Hydro Power Limited Employees Gratuity Trust AD Hydro Power Limited Sr. Executive Company Superannuation Scheme Trust

* As per Section 2(51) of the Company Act 2013, definition of Key Managerial Personnel including Company Secretary.

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Malana Power Company Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2018

		(₹ in lakh)									
	Holding Company/ Enterprises having significant influence over the Company	Subsidiary/Fellow subsidiary Company		Key Management Personnel *		Relative of Key Management Personnel		Enterprise over which key management personnel /relative having significant influence		Trust under common control	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Transactions during the year											
(i) Rent Paid											
a) Mrs. Rita Jhunjhunwala	-	-	-	-	-	16.95	17.77	-	-	-	-
b) Mr. Rishabh Jhunjhunwala	-	-	-	-	-	16.45	17.24	-	-	-	-
c) Mr. Riju Jhunjhunwala	-	-	-	-	-	16.45	17.24	-	-	-	-
d) RSWM Limited	-	-	-	-	-	-	-	29.31	55.82	-	-
(ii) Consultancy service charges paid to : Indo Canadian Consultancy Services Limited	-	-	5.09	6.12	-	-	-	-	-	-	-
(iii) Remuneration paid to											
a) Mr. Ravi Jhunjhunwala,	-	-	-	-	239.48	220.66	-	-	-	-	-
b) Mr. R.P. Goel	-	-	-	-	44.81	44.81	-	-	-	-	-
c) Mr. O.P Ajmera	-	-	-	-	174.91	156.00	-	-	-	-	-
d) Mr. Arvind Gupta	-	-	-	-	15.72	13.45	-	-	-	-	-
(iv) Reimbursement of expenses paid to											
a) HEG Limited	-	-	-	-	-	-	-	-	-	13.17	-
b) RSWM Limited	-	-	-	-	-	-	-	26.15	18.67	-	-



Malana Power Company Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2018

c) Bhilwara Energy Limited	8.53	0.23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Reimbursement of expenses recovered from																			
a) Bhilwara Energy Limited	83.58	51.98	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Trading Margin paid to Statkraft Market Pvt Ltd	68.04	56.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(vi) Contribution made in:																			
a) Malana Power Company Ltd Employee Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21.70	20.63	-
b) Malana Power Company Ltd Sr. Executive Group Superannuation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00	5.84	-
c) AD Hydro Power Ltd Employees Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19.72	27.86	-
d) AD Hydro Power Ltd. Sr. Executive Group Superannuation Scheme Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.00	5.95	-
(vi) Claim from :																			
a) Malana Power Company Ltd Employee Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.08	6.38	-
b) Malana Power Company Ltd Sr. Executive Group Superannuation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.63	-
c) AD Hydro Power Ltd Employees Group Gratuity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.18	11.93	-
d) AD Hydro Power Ltd. Sr. Executive Group Superannuation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.65	-

Malana Power Company Limited

[illegible]

* Remuneration paid does not include provision made for compensated absences and gratuity as the same are determined for the Company as a whole.

**The Company has also given default corporate guarantee for loan availed by AD Hydro Power Limited, subsidiary company, from IL&FS Infrastructure Debt Fund (IDF) in respect of debentures



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Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018****(a) Compensation of Key Management Personnel****(₹ In lakhs)**

Particulars	March 31, 2018					March 31, 2017				
	CMD	WTD	CEO & CFO	C.S.	Total	CMD	WTD	CEO & CFO	C.S.	Total
	Mr. Ravi Jhunjhunwala	Mr. R P Goel	Mr. O P Ajmera	Mr. Arvind Gupta		Mr. Ravi Jhunjhunwala	Mr. R P Goel	Mr. O P Ajmera	Mr. Arvind Gupta	
Short Term Benefit	229.51	44.81	164.88	14.98	454.18	211.12	44.81	146.82	12.80	415.55
Defined Contribution Plan	9.97	-	10.73	0.74	20.74	9.54	-	9.18	0.65	19.37
	239.48	44.81	174.91	15.72	474.92	220.66	44.81	156.00	13.45	434.92

Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognized as per Ind AS 19 – Employee Benefits” in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation.

35. Operating Leases arrangements**In case of assets taken on Operating Lease:**

Operating lease relate to leases of office premise, equipment, guest houses, godown and vehicle with a term of 1 year. During the year, the group has recognized lease rent expense of ₹ 107.03 lakhs (previous year ₹ 112.48 lakhs) in the statement of Profit and loss account.

(₹ In lakhs)

Particulars	March 31, 2018	March 31, 2017
Lease rent		
- for building	61.72	70.95
- for vehicles	45.31	41.53
Total	107.03	112.48

36. Employee benefit expenses**36.1 Defined contribution plan****(i) Superannuation Fund**

The group makes Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the superannuation fund set up as a trust by the group. The group is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognizes such contributions and shortfall, if any, as an expense in the year it is incurred. Having regard to the assets of the fund and the return on the investments, the group does not expect any shortfall in the foreseeable future. The group has recognized ₹ 14.72 lakhs (previous year ₹ 14.13 lakh) in the statement of profit and loss account. (Refer Note 24)

(ii) Provident Fund

The group makes Provident Fund contributions which are defined contribution plan, for qualifying employees. Under the scheme the group is required to contribute a specified percentage of the payroll costs to fund the benefits. The group recognized ₹100.33 lakh (previous year ₹92.96 lakh) in the statement of profit and loss account. (Refer note 24)



36.2 Details of defined benefit plan and long term employee benefit plan**(i) Gratuity Fund**

The group has a defined benefit gratuity plan. The gratuity plan is primarily governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The level of benefits provided depends on the member's length of service and salary at the retirement date. The gratuity plan is funded plan. The fund has the form of a trust and is governed by Trustees appointed by the group. The Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy in accordance with the regulations. The funds are deployed in recognized insurer managed funds in India. The group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimates of expected gratuity payments.

(iii) Long term employee benefits plan

Compensated absence represents earned leaves. Long term compensated absence has been provided on accrual basis based on actuarial valuation.

36.3 Disclosure required for Gratuity and Compensated absence in accordance with Ind AS-19 "Employee Benefits" are set out in the table below:**i) Current and Non – Current classification in Balance Sheet****(₹ in lakhs)**

	March 31, 2018			March 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absence obligation	21.40	242.12	263.52	4.74	182.59	187.33
Gratuity:						
-Present value of funded defined benefit obligation	427.29	-	427.29	365.51	-	365.51
-Fair value of plan assets	385.87		385.87	315.01	-	315.01
-Net defined benefit obligation recognized in balance sheet	41.42	-	41.42	50.49	-	50.49

(i) Movement in the present value of defined Benefit Obligation**(₹ in lakh)**

Particulars	Gratuity		Compensated absences	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Present value of obligation as at the beginning of the period	365.51	300.35	187.33	168.78
Interest Cost	26.86	24.03	13.77	13.50



Malana Power Company Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2018

Current Service Cost	28.64	26.41	21.30	17.11
Benefits Paid	(2.26)	(18.31)	-	-
Actuarial (Gain)/Loss on obligation	8.55	33.03	41.14	(12.06)
Present value of obligation as at the End of the period	427.30	365.51	263.53	187.32

(ii) The amounts recognized in the statement of Profit and Loss

Particulars	Gratuity (₹ in lakhs)	
	March 31, 2018	March 31, 2017
Service Cost	28.64	26.41
Net Interest Cost	3.71	3.46
Expense recognized in the Income Statement	32.35	29.87

(iii) Amount recorded as Re-measurement Gain / (Loss) in Other Comprehensive Income (OCI)

Particulars	Gratuity (₹ in lakhs)	
	March 31, 2018	March 31, 2017
Net cumulative unrecognized actuarial gain/(loss) opening	--	--
Actuarial gain / (loss) for the year on PBO	(8.55)	(32.94)
Actuarial gain /(loss) for the year on Asset	(0.59)	12.39
Unrecognized actuarial gain/(loss) at the end of the year	(9.08)	(20.55)

(iv) Movement in the fair value of plan assets

Particulars	Gratuity (Rs.in lakhs)	
	March 31, 2018	March 31, 2017
Fair value of plan assets at the beginning of the year	315.03	257.18
Actual return on plan assets	22.61	32.98
Employer contribution	50.49	43.18
Benefits paid	(2.26)	(18.31)
Fair value of plan assets at the end of the year	385.88	315.03



Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018****(v) Major categories of plan assets (as percentage of total plan assets)**

Particulars	Gratuity	
	March 31, 2018	March 31, 2017
Government of India Securities	--	--
State Government securities	--	--
High Quality Corporate Bonds	--	--
Equity Shares of listed companies	--	--
Property	--	--
Funds Managed by Insurer	100 %	100 %
Bank Balance	--	--
Total	100 %	100 %

*In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount of each category to the fair value of plan assets has not been disclosed.

(vi) Principal Actuarial Assumptions

Particulars	Gratuity		Compensated absences	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
i) Discounting Rate	7.80	7.35	7.80	7.35
ii) Future salary Increase	5.50	5.50	5.50	5.50

Particulars	Gratuity		Compensated absences	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
i) Retirement Age (Years)	60	60	60	60
ii) Mortality rates inclusive of provision for disability	100 % of IALM (2006 - 08)		100 % of IALM (2006 - 08)	
iii) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3.00	3.00	3.00	3.00
From 31 to 44 years	2.00	2.00	2.00	2.00
Above 44 years	1.00	1.00	1.00	1.00

Note:

- Discount rate is based on the prevailing market yields of Govt. of India Securities as at Balance Sheet date for the estimated term of the obligations.
- The estimate of future salary increased considered, takes into account the inflation, seniority, promotion, increment and other relevant factors.



Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018****(vii) Sensitivity Analysis of the defined benefit obligation**

Sensitivity of gross defined benefit obligation as mentioned above, in case of change of significant assumptions would be as under:

(₹ In lakhs)

	Gratuity
a) Impact of the change in discount rate	
Present Value of Obligation at the end of the period	427.30
Impact due to increase of 0.50 %	(17.65)
Impact due to decrease of 0.50 %	18.99
b) Impact of the change in salary increase	
Present Value of Obligation at the end of the period	427.30
Impact due to increase of 0.50 %	19.33
Impact due to decrease of 0.50 %	(18.10)

Notes :

- Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.
- Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

(viii) Maturity Profile of defined benefit obligation

Year	Gratuity (₹ in lakhs)
April 2017- March 2018	24.36
April 2018- March 2019	116.81
April 2019- March 2020	15.77
April 2020- March 2021	26.02
April 2021- March 2022	7.55
April 2022- March 2023	9.61
April 2023 onwards	227.19

- In respect of 200 MW Bara Banghal project in state of Himachal Pradesh for which the holding Company had bid and paid an upfront premium of Rs.6,120 lacs, the Company has decided to shelve off the same as the State Hydro Power Policy is not aligned with MOEF Policy of Government Of India which prohibits the implementation of a hydro power project in wild life /eco sensitive zone areas. In view of this, the holding Company has filed a full amount of refund claim along with interest. The provision of 50% of Rs. 3.060 lakhs has been recorded in earlier years shall be written back at the time of acceptance of refund.

Other Matters**a) With respect to the Holding Company:**

- The Company received claims of wheeling charges and losses from Himachal Pradesh State Electricity Board (HPSEBL) amounting to Rs. 5470.34 lakhs for the period April 2008 to March 2017 based upon the letter dated April 11, 2017 which was contested by the Company before Hon'ble High Court of Himachal Pradesh. Hon'ble High Court in its final order dated 12th March 2018 has held that, the wheeling charges and losses claimed by HPSEBL is not adjudicated in terms of the order of the Central Electricity Regulatory Commission (CERC) order dated March 10, 2017 and directed parties to approach HPERC for adjudication of the charges. Therefore the above demand or any subsequent demand



Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018**

raised by HPSEBL are not in accordance with the law and order. The Company has also deposited Rs 1000 lakhs with the Registry of the High Court as per the directions dated 1st January 2018 of the Court towards default transmission charges and losses which will be adjustable/payable after the adjudication of the charges by HPERC. In the meantime the Company has worked out the transmission/wheeling charges at the default rates prescribed in the CERC Regulations pursuant to the Order of CERC which works out to Rs 2062.20 lakhs. The Default losses as prescribed are yet to be worked out by HPSEBL. However the Company has created a provision of 10 Paisa per KWH for wheeling charges and losses at rates prescribed in the agreement.

- (ii) The Company has received claim of UI charges from Himachal Pradesh State Electricity Board Limited (HPSEBL) amounting to Rs 924.35 lakhs for the period April 2008 to January 2017 based upon the letter dated April 11, 2017 and Rs 130.16 lakhs based upon the invoice received for the period February 2017 to December 2017. Total claims payable aggregating to Rs 1054.51 lakhs.

Management is of the view that the UI charges claimed for the above said period is erroneous and no provision is required as it has not been computed by the HPSEBL in accordance with the Open Access Regulations, 2008 read with the UI Regulations, 2009 and DSM Regulations, 2014 (Regulations) as directed by the CERC vide order dated March 10, 2017. Had it been computed based upon the said Regulations, the Management is of the view the UI charges should be recoverable of Rs 1205.50 lakhs for the period April 2008 to January 2017 and should be payable of Rs 69.97 lakhs for the period February 2017 to December 2017, aggregating to net recoverable of Rs 1135.53 lakhs as on December 31, 2017. The Company has not received any invoice for the period January 2018 to March 2018. Till date, the Company is under discussion with HPSEBL to reconcile the above said matter and thus the consequential impact would be accounted for after the reconciliation of the same.

- (iii) The Company has filed a Petition with CERC in November 2014 for recovery of excess handling charges and claiming that it had been wrongly charged by HPSEBL. In this regard, the Company has received favorable order in March 2017. The Company has estimated an amount of recovery of Rs.887.98 lakhs towards handling charges including interest @9% per annum for the period April 2008 to March 2018 as against an amount confirmed by HPSEBL amounting to Rs 821.43 lakhs. The Company is of the view the same will be accounted for as income on receipt of amount.

- (iv) The Company has an investments amounting to Rs. 49,295.56 lakhs in AD Hydro Power Limited (subsidiary company) and has also unsecured loan receivables (including accrued interest of Rs. 20735.99 lakhs) amounting to Rs. 67,115.99 lakhs as on March 31, 2018, total balance recoverable from subsidiary company aggregating to Rs 116,411.55 lakhs as on March 31, 2018. As against this, net assets of the subsidiary company as on March 31, 2018 aggregating to Rs. 93,645.03 lakhs (88% of total net assets of Rs. 106,414.81 lakhs excluding the effect of outstanding balance of unsecured loan and accrued interest payables). The net financial exposure towards recoverability from subsidiary company is of Rs. 22,766.52 lakhs as on March 31, 2018. In view of this, the Company has carried out an evaluation of the subsidiary company's financial performance after taking into account the future projections and expected future cash flows. Based on such evaluation, the management is of the view that there is no other than temporary diminution in the value of investments is required and the unsecured loans receivables (including accrued interest) are good and fully recoverable.

b) With respect to the Subsidiary Company:

- (i) As on March 31, 2018, the Company has net worth of ₹ 39,300.05 lakh (Previous Year ₹ 38,842.15 lakh) and has accumulated losses of ₹ 16715.23 lakh as at March 31, 2018. Based on financial projections (including the projected tariff) arrived at after considering the past experience of running similar power project and renewable source of fuel, management believes that profits will continue to accrue on account of expected increase in tariff and hence no adjustments are required to the carrying amount of property, plant and equipment on account of impairment and the Company will have sufficient cash flow to meets its future obligations.



- (ii) Himachal Pradesh State Electricity Board Limited (HPSEBL) had withheld an amount of ₹ 316.68 lakhs on account of energy not supplied to them because of shut down of plant on date August 20, 2010. In the previous year Company initiated the arbitration proceedings to the recover the said amount. In 2015, the Hon'ble Arbitrator had decided the matter in favour of HPSEBL against which the Company has preferred an appeal before the Hon'ble High Court of Shimla. Currently the matter is under adjudication. The management is of the view that it had already informed HPSEB about the shut down as the schedule was given of Nil power for the period of shut down, therefore the claim of HPSEB is not legally tenable. However the entire receivable of ₹ 316.68 lakhs has been provided by the Company in the prior year.
- (iii) In the absence of profits available for payment of dividend the Company has not created any debenture redemption reserve during the current year.

38. Financial Risk Management Objective And Policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits. The company is exposed to interest rate risk on variable rate long term borrowings.

The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

i. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is not exposed to any foreign currency risk as there is no material transaction in foreign currency.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

i. Interest Risk Exposure

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

(₹.In lakhs)		
Particulars	March 31, 2018	March 31, 2017
Variable rate borrowings	22,342.39	42,147.26
Fixed rate borrowings	60,473.99	45,743.61
Total	82,816.38	87,890.87



Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018****ii. Sensitivity**

Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. The table below summarises the impact of increase and decrease of profit after tax on change in interest rate on floating rate debt. The analysis is based on the assumption that interest rate changes by 25 basis points with all other variable held constant. The fluctuation in interest rate has been arrived at on the basis of average interest rate volatility observed in the outstanding loans as on March 31, 2018 and March 31, 2017.

(₹.In lakhs)

Particulars	March 31, 2018	March 31, 2017
Effect on Profit if Interest Rate - decrease by 25 basis points	213.25	232.60
Effect on Profit if Interest Rate - increases by 25 basis points	(213.25)	(232.60)

b) Price risk

The Group is not exposed to any price risk as there is no investment in equities outside the Group and the Group doesn't deal in commodities.

c) Credit risk

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the group. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, unsecured loan to subsidiary company and other financial instruments.

To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period.

Financial assets are written off when there is no reasonable expectation of recovery.

Expected credit loss for financial assets**(₹.In lakhs)**

Particulars	As at March 31, 2018			As at March 31, 2017		
	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision
Financial assets to which loss allowance is measured using 12 months Expected credit loss(ECL)						
Loan to Employees	102.89	-	102.89	41.09	-	41.09
Security Deposits	20.88	-	20.88	45.88	-	45.88
Surrender value of key-man insurance policy	21.01	-	21.01	21.01	-	21.01
Advance for Bara Banghal project	6,801.84	3,741.84	3,060.00	6,801.84	3,741.84	3,060.00
Trade Receivables	3,041.10	316.68	2,724.42	4,273.15	316.68	3,956.47
Cash and Cash Equivalents	3,807.42	-	3,807.42	13,818.54	-	13,818.54
Bank Balance	25,395.03	-	25,395.03	4,531.03	-	4,531.03
Others – interest accrued on deposits	423.57	-	423.57	74.89	-	74.89



Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018**

The group is in the power generation sector. The group on the basis of its past experience and industry practice is confident on realizing all of its dues from its customers which are state government run power utility majors. Hence the group has not provided for any discounting on time value of money.

Movement in expected Credit loss allowance

The following table summarizes the change in the loss allowances measured using life time credit loss model:

(₹. In lakhs)

Particulars	March 31, 2018	March 31, 2017
Balance at the beginning of the year		
- Trade receivable	316.68	316.68
- Advance for Bara Banghal project	3,741.84	3,741.84
Add : Provision for expected credit loss recognize during the year	-	-
Less : Provision reverse during the year	-	-
Balance at the end of the year	4,058.52	4,058.52

d) Liquidity risk

Liquidity risk is defined as the risk that group will not be able to settle or meet its obligation on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the group's net liquidity position through rolling, forecast on the basis of expected cash flows. To maintain liquidity the company has maintained loan covenants as per the terms decided by the lenders.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

As at March 31, 2018	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	1,808.64	1,828.75	1,920.49	16,178.86	61,079.83	82,816.38
Trade payables	1,071.11	2.99	28.59	672.71	35.39	1,810.79
Interest accrued but not due on loan from financial institution	343.38	-	-	-	-	343.38
Capital Creditors	31.19	-	3.21	18.27	-	52.67
Sundry Deposit	0.41	0.46	0.58	2.69	9.810	13.95

(₹ In lakhs)

As at March 31, 2017	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	832.99	2,326.05	2,087.18	11,478.82	71,466.67	88,191.71
Trade payables	1,226.82	30.60	56.82	377.27	39.53	1,731.04
Interest accrued but not due on loan from financial institution	392.04	-	-	-	-	392.04
Capital Creditors	14.14	-	-	1.76	55.04	70.94
Sundry Deposit	0.41	3.26	0.35	4.70	0.50	9.22



Malana Power Company Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2018

39. Capital management

a) Risk management

The Group's objective when managing capital are to:

- (i) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Group makes continuous efforts to optimise its cost of capital as during 2016-17 and 2017-18 group makes arrangements with its lenders to re-structure its borrowings which reduce the cost of capital of borrowing for the company.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net Debt (total borrowings net of cash and cash equivalents)
Divided by
Total equity (as shown in balance sheet, including non- controlling interest)

The gearing ratios were as follows:

(₹ in lakh)

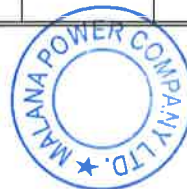
Particulars	As at March 31, 2018	As at March 31, 2017
Net Debt	79,352.85	74,464.36
Total Equity	108,986.11	91,729.25
Net Debt to Equity Ratio	0.73	0.81



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Malana Power Company Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2018
40. Financial instruments- accounting classification and fair value measurement

Particulars	March 31, 2018				March 31, 2017			
	FVPL	FVOCI	Amortised cost (carrying Amount)	Fair Value	FVPL	FVOCI	Amortised cost (carrying Amount)	Fair Value
Financial assets								
Loan to Employees	-	-	-	102.89	-	-	-	41.09
Security Deposits	-	-	-	20.88	-	-	-	45.88
Surrender value of key-man insurance policy	-	-	-	21.01	-	-	-	21.01
Advance for Bara Banghal project	-	-	-	3,060.00	-	-	-	3,060.00
Trade Receivables	-	-	-	2,724.42	-	-	-	3,956.47
Cash and Cash Equivalents	-	-	-	3,807.42	-	-	-	13,818.54
Bank Balance	-	-	-	25,395.03	-	-	-	4,531.03
Others	-	-	-	423.57	-	-	-	74.89
Total	-	-	-	35,255.22	-	-	-	25,527.90
Financial Liabilities								
Borrowings	-	-	-	82,816.38	-	-	-	88,191.71
Trade payables	-	-	-	1,810.79	-	-	-	1,731.04
Interest accrued but not due on loan from financial institution	-	-	-	343.38	-	-	-	392.04
Capital Creditors	-	-	-	52.67	-	-	-	70.94
Sundry Deposit	-	-	-	13.95	-	-	-	9.22
Total Financial Liabilities	-	-	-	85,037.17	-	-	-	90,394.95



41. Recent accounting pronouncements

- (i) **Ind AS 115- Revenue from Contract with Customers:** On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:


- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is of the view that it does not have any impact on the financial statements.

42. During the current year, the Group has reclassified below mentioned account balances related to previous year March 31, 2017. The detail of the same is as under:

- (i) MAT credit entitlement of Rs. 537.13 lakhs has been reclassified to "Deferred Tax asset". In previous year, it was classified under the head "Other Assets-Non Current".
- (ii) Loan to employees of Rs 34.06 lakhs has been bifurcated into current and non- current based upon loan recovery schedule. Earlier it was reflecting as current only.
- (iii) Recovery of state transmission utility (STU) charges amounting to Rs 54.25 lakhs included in Revenue from operations in the previous year. In current year, it has been reduced from Open Access charges under "Expenses".
- (iv) Advance received for tower rerouting work amounting to Rs. 300.65 lakh has been reclassified to other current liabilities. Earlier, the same was classified under the head trade payables.

**For and on behalf of the Board of Directors of
Malana Power Company Limited**


Ravi Jhunjhunwala
Chairman and Managing
Director
DIN:-00060972


Knut Leif Bredo
Erichsen
Director
DIN:- 06839949


O.P. Ajmera
CEO and CFO


Arvind Gupta
Company Secretary
M.No.:- F7690

Place: *Noide*

Date: *April 25, 2018*



Malana Power Company Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2018****Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts Rs. In lacs)

S.No.	Particulars	Details
1	Name of the subsidiary	AD Hydro Power Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2017 to March 31, 2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-
4	Share capital	56,015.28
5	Reserves & surplus	(16,920.60)
6	Total assets	1,72,108.42
7	Total Liabilities	1,33,013.74
8	Investments	Nil
9	Turnover	20,697.63
10	Profit before taxation	609.89
11	Provision for taxation	151.56
12	Mat credit entitlement	204.42
13	Profit after taxation	253.91
14	Proposed Dividend	Nil
15	% of shareholding	88%



Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – not applicable
- Names of subsidiaries which have been liquidated or sold during the year. – not applicable

Part "B": Associates and Joint Ventures is not applicable

**For and on behalf of the Board of Directors of
Malana Power Company Limited**




Ravi Jhunjunwala
Chairman and Managing Director
DIN:-00060972

O.P. Ajmera
CEO and CFO

Place:
Date:


Knut Leif Bredo Erichsen
Director
DIN:- 07270992

Arvind Gupta
Company Secretary
M.No.:- F7690

