



MALANA POWER COMPANY LIMITED

CIN No. : U40101HP1997PLC019959

Financial Statement

2018 - 19

31st, March 2019

INDEPENDENT AUDITOR'S REPORT

To The Members of Malana Power Company Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Malana Power Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 31(1)(ii) to the financial statements, which describes the uncertainty relating to the effects of outcome of litigation with Himachal Pradesh State Electricity Board (HPSEBL).

Our opinion is not qualified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report, but does not include the standalone financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this Auditor's report.



- Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.



For Deloitte Haskins & Sells LLP

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

Vijay Agarwal

(Partner)

(Membership No. 094468)

Place: Noida
Date: May 10, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(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")

We have audited the internal financial controls over financial reporting of **Malana Power Company Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing 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 Company's internal financial controls system over financial reporting.

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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 Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



For Deloitte Haskins & Sells LLP

Chartered Accountants

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

Vijay Agarwal

(Partner)

(Membership No. 094468)

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Place: *Noida*

Date: *May 10, 2019*

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the award letter and certificate of mutation provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date other than certain portion of land which are pending for registration/mutation in favour of the Company. Further, immovable properties of land and buildings whose title deeds have been pledged as security for term loans are held in the name of the Company based on the confirmation received from IDBI Trusteeship Services Limited (the security trustee).
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to a subsidiary company i.e. AD Hydro Power Limited covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- (a) The terms and conditions of the grant of such loan are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
 - (b) As informed to us and as per the terms of subordinated Loan agreement between the Company and AD Hydro Power Limited, the loan granted and interest thereon is repayable only once all obligations to the senior lenders have been paid and discharged in full. Accordingly, the amount is not due and thus there has been no default on the part of the parties to whom the money has been lent.
 - (c) There is no overdue amount as at the Balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

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- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Goods and Service Tax, Customs Duty, Income-tax, cess and other statutory dues applicable to it to appropriate authorities. The provisions relating to Employees' State Insurance are not applicable to the Company. Also refer to the Note No.31.1(iii) in the financial statement regarding management assessment on certain matters relating to the provident fund.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Customs duty, Goods and service Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) There are no dues of Customs Duty and Goods and Service Tax as on March 31, 2019 on account of disputes. Details of dues of Income-tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Amount involved (Rs. in lacs)	Amount unpaid (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income-tax	71.19	60.51	(A.Y.) 2013-14	CIT (Appeals)

The following matter has been decided in favor of the Company, although the department has preferred appeals at higher levels:

Name of the Statute	Nature of the Dues	Amount involved (Rs. in lacs)	Amount unpaid (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income-tax	15.54	15.54	(A.Y.) 2008-09	Supreme Court
Income Tax Act, 1961	Income-tax	102.82	102.82	(A.Y.) 2009-10, 2011-12	High Court
Income Tax Act, 1961	Income-tax	39.87	39.87	(A.Y.) 2012-13, 2014-15,	Income Tax Appellate Tribunal

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- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Further, according to the information and explanations given to us, the Company does not have unutilized money raised by way of term loans as at the beginning of the reporting period hence reporting under clause (ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.



FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Vijay Agarwal
Partner
(Membership No. 094468)

Place: *Noida*
Date: *May 10, 2019*

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3	11,451.84	11,804.19
(b) Intangible assets	4	33.71	47.48
(c) Capital work in progress	3	-	2.25
(d) Financial assets			
(i) Investments	5	49,295.56	49,295.56
(ii) Loans	6	46,425.56	46,446.52
(iii) Others	7	28,408.62	23,817.00
(e) Deferred tax assets (net)	18	1,046.31	1,908.66
(f) Other non-current assets	8	1,000.00	1,000.00
		137,661.60	134,321.66
2 Current assets			
(a) Inventories	9	277.00	236.45
(b) Financial assets			
(i) Trade receivables	10	397.92	299.78
(ii) Cash and cash equivalents	11	557.74	433.06
(iii) Bank balances other than (ii) above	12	30.18	3,786.18
(iv) Loans	6	24.20	25.38
(v) Other	7	8.60	68.53
(c) Other current assets	8	190.81	82.43
		1,486.45	4,931.81
Total Assets		139,148.05	139,253.47
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	14,752.57	14,752.57
(b) Other equity	16	107,429.08	104,434.42
Total Equity		122,181.65	119,186.99
LIABILITIES			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	14,661.48	18,096.04
(b) Provisions	17	124.15	122.17
		14,785.63	18,218.21
2 Current liabilities			
(a) Financial liabilities			
(i) Trade payables	19	-	-
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,600.58	1,057.06
(ii) Other financial liabilities	20	464.47	449.82
(b) Other current liabilities	21	41.98	44.71
(c) Provisions	17	39.63	24.81
(d) Current tax liabilities (net)	13	34.11	271.87
		2,180.77	1,848.27
Total Equity and Liabilities		139,148.05	139,253.47

Summary of significant accounting policies

2.2

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP

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

ICAI Firm Registration Number: 117366W/W-100018

Chartered Accountants

Vijay Agarwal
Partner

Membership No. : 094468



Ravi Jhunjunwala
Chairman and Managing Director
DIN:-00060972

Knut Leif Bredo Erichsen
Director
DIN:-07270992

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : Noida
Date : May 10, 2019

Place : Noida
Date : May 10, 2019



Malana Power Company Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2019

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I Revenue from operations	22	9,672.61	8,433.93
II Other Income	23	5,533.91	5,457.74
III Total Income (I+II)		15,206.52	13,891.67
IV Expenses			
Wheeling Cost		247.62	273.70
Open access charges		389.45	475.10
Employee benefits expense	24	1,162.00	1,032.52
Finance costs	25	1,690.22	1,830.88
Depreciation and amortisation expense	26	439.05	422.07
Other expenses	27	1,228.36	736.81
Total expenses		5,156.70	4,771.08
V Profit before tax (III-IV)		10,049.82	9,120.59
VI Tax Expense/(benefit)	28		
(a) Current tax expense		2,171.74	3,233.76
(b) MAT Credit recognised and utilised during the year		-	(1,287.28)
(c) MAT Credit (recognised)/reversed related to prior years		67.78	(4,153.78)
(d) Deferred tax (credit)/charge		800.23	(579.95)
Income tax expense		3,039.75	(2,787.25)
VII Profit for the year (V-VI)		7,010.07	11,907.84
VIII Other comprehensive income			
Items that will not to be reclassified to profit or loss:			
-Re-measurement losses on defined benefit plans		(19.44)	(7.70)
-Income Tax relating Re-measurement losses on defined benefit plans		5.66	2.25
Other comprehensive income for the year		(13.78)	(5.45)
IX Total comprehensive income for the year, net of tax (VII+VIII)		6,996.29	11,902.39

Earnings per equity share (of Rs.10/- each)

Basic	29	4.75	8.07
Diluted	29	4.75	8.07

Summary of significant accounting policies

2.2


The accompanying notes are an integral part of the standalone financial statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP

ICAI Firm Registration Number: 117366W/W-100018

Chartered Accountants

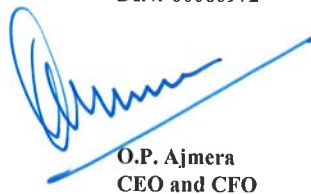

 Vijay Agarwal
 Partner
 Membership No. : 094468



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


 Ravi Jhunjhunwala
 Chairman and Managing Director
 DIN:-00060972


 Knut Leif Bredo Erichsen
 Director
 DIN:-07270992


 O.P. Ajmera
 CEO and CFO


 Arvind Gupta
 Company Secretary
 M.No.:-F7690

Place : Noida
 Date : May 10, 2019

Place : Noida
 Date : May 10, 2019



Malana Power Company Limited
Standalone Statement of Cash Flow for the year ended March 31, 2019

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	10,049.82	9,120.59
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	439.05	422.07
Gain on disposal of property, plant and equipment	(0.91)	(0.27)
Provision for gratuity and compensated absences	14.82	58.56
Finance cost	1,690.22	1,830.88
Interest income	(5,444.30)	(5,364.12)
Working Capital Adjustments:		
(Increase) / Decrease in trade receivables	(98.14)	96.58
(Increase) / Decrease in financial assets - loans	1.18	(33.10)
(Increase) / Decrease in other current assets	(108.38)	(1,030.52)
(Increase)/Decrease in Inventories	(40.55)	(17.70)
Increase / (Decrease) in trade payables	543.52	347.16
Increase / (Decrease) in other financial liabilities	15.35	1.54
Increase / (Decrease) in provisions	14.82	15.48
Increase / (Decrease) in other current liabilities	(2.73)	(3.75)
Cash generated from operations	7,073.77	5,443.40
Income Tax Paid	(2,418.15)	(1,597.78)
Net cash flow from Operating Activities	4,655.62	3,845.62
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(75.11)	(90.13)
Proceeds from sale of property, plant and equipment	2.68	1.57
Interest received	912.60	710.22
Bank balances not considered as cash & cash equivalents	3,756	(3,754.00)
Net cash flow used in Investing Activities	4,596.17	(3,132.34)
C. Cash flow from financing activities		
Repayments of borrowings	(3,434.56)	(434.57)
Interim Dividend paid during the year	(3,319.33)	-
Dividend Distribution Tax	(682.30)	-
Interest paid	(1,690.92)	(1,831.29)
Net cash (used) in financing activities	(9,127.11)	(2,265.86)
Net increase/(decrease) in cash & cash equivalent	124.68	(1,552.58)
Cash and cash equivalent at the beginning of the year	433.06	1,985.64
Cash and Cash equivalent at the end of the year (Refer Note No. 11)	557.74	433.06

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report attached

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 Bredo Erichsen
Director
DIN:-07270992

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : Noida
Date : May 10, 2019

Place : Noida
Date : May 10, 2019



Malana Power Company Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2019

(a) Equity share Capital

Particulars	Number of shares (in lakhs)	(Amount in ₹ lakhs)
Equity shares of Rs 10 each issued, subscribed and fully paid		
As at April 1, 2017	1,475.26	14,752.57
Movement during the year	-	-
As at March 31, 2018	1,475.26	14,752.57
Movement during the year	-	-
As at March 31, 2019	1,475.26	14,752.57

(b) Other Equity

(₹ in lakhs)

Particulars	Other Equity			Total
	Securities premium	Retained earnings	Other Comprehensive Income	
As at April 1, 2017	32,545.67	59,996.33	(9.97)	92,532.03
Profit during the year	-	11,907.84	-	11,907.84
Other comprehensive loss during the year, net of tax	-	-	(5.45)	(5.45)
Total comprehensive income for the year	-	11,907.84	(5.45)	11,902.39
As at March 31, 2018	32,545.67	71,904.17	(15.42)	104,434.42
Profit during the year	-	7,010.07	-	7,010.07
Interim dividend paid during the year	-	(3,319.33)	-	(3,319.33)
Dividend Distribution Tax on interim dividend	-	(682.30)	-	(682.30)
Other comprehensive loss during the year, net of tax	-	-	(13.78)	(13.78)
Total comprehensive income for the year	-	3,008.44	(13.78)	2,994.66
As at March 31, 2019	32,545.67	74,912.61	(29.20)	107,429.08

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP

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

ICAI Firm Registration Number: 117366W/W-100018

Chartered Accountants

Vijay Agarwal
Partner
Membership No. : 094468



Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Knut Leif Bredo Erichsen
Director
DIN:-07270992

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
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Place : Noida
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1 Corporate information

Malana Power Company Limited (hereinafter referred to as 'the Company') is engaged in the generation of hydroelectric power and development of hydro power projects. The Company has set up 86 MW hydroelectric power generation project. The Company has the necessary permission from the Government of Himachal Pradesh to own, operate & maintain the project and sell power for a period of forty years from the date of commercial operation i.e. July 5, 2001 with the option to avail a further extension for a maximum period of twenty years after renegotiation of terms and conditions.

2 Significant accounting policies

2.1 Basis of preparation of financial statement

The standalone financial statements of the Company 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 in accordance with Ind-As.

2.2 Summary of significant accounting policies

a. Use of estimates

The preparation of 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 D of Ind AS 115: Service Concession Arrangements to power distribution arrangements entered into by the Company. 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, intangible assets and Investment Properties

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 Company 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 Company is the subject of lawsuits and claims arising in the ordinary course of business from time to time. The Company reviews any such legal proceedings and claims on an ongoing basis and follow appropriate accounting guidance when making accrual and disclosure decisions. The Company 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 Company'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 Company 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 Company determined that there were no matters that required an accrual as of March 31, 2019 other than the accruals already recognized, nor were there any asserted or unasserted claims for which material losses are reasonably possible.

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b. Revenue Recognition

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 is insignificant.

The Company recognises revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company's sales revenue is divided into following categories:

Revenue from generation and supply of Power ("Revenue from Power Supply"):

The revenues from generation bear the characteristic of supplying power at a certain price. The performance obligation is to deliver a series of distinct goods (power) and the transaction price is the consideration Company expects to receive at either spot price or contract price. The performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. The Company applies a practical expedient under Ind AS 115 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice which coincides with the electricity scheduled to be transmitted to the customers. The difference between scheduled and actual transmitted energy is recognized as Unscheduled Interchange (U/I) charges and are adjusted with the revenue recognized on accrual basis.

In an arrangements where the Company sells power on an exchange, the exchange is determined to be the customer. This is based on the fact that the Company has enforceable contracts with the exchanges.

Revenue from sharing of Transmission line ("Transmission Income"):

Revenue is recognized on the basis of periodic billing to consumers / state transmission utility and is measured based on the consideration to which the Company expects to be entitled from a customer, net of returns and allowances, discounts, volume rebates and cash discounts excluding taxes or duties collected on behalf of the government.

Voluntary emission rights (VER) and I-REC

Revenue is recognized as and when the VER's and I-REC 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 P&L.

c. Inventory Valuation

Inventories comprising of components, stores and spares are valued at lower of cost and net realizable 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 Company 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.

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Malana Power Company Limited

Notes to Standalone Financial Statements for the year ended March 31, 2019

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 company 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 is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The Company has used the following useful life to provide depreciation on its Property, Plant and Equipment.

<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
Office equipments	5
Software	3

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.

Where the Company is the lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lessor 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 Statement of Profit and Loss as and when incurred.

g. Impairment of Non-Financial Assets

The Company 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 company 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.

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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 Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company'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 the most recent budgets/forecasts, the Company 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 impairment of assets, 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 Company estimates the asset's or CGU's recoverable amount.

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.

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.

As at March 31, 2019, the Company does not have any debt instrument measured at FVTPL or FVTOCI.

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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 AS103 applies are classified as at FVTPL. For all other equity instruments, the company 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 company 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 Company 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 company 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 company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company 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 company 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 Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at 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 Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company 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 Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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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 Company on behalf of subsidiary company are designated as 'Insurance Contracts'. The Company 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 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 Company 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 company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company 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 company 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 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 Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the company 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).

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j. Retirement and other employee benefits

1 Defined Contribution Plan:

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).

2 Defined Benefit Plan:

Gratuity

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with ICICI Prudential Life Insurance company Limited and Bajaj Allianz. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Company Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with Life Insurance Corporation of India is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note no .34.3

The Company recognises the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

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.

3 Other Long Term Employee Benefits:

Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company 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 Company 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.

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 Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company 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

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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.

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 Company 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.

i. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company 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.

m. 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.

ii. 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 Company 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 Company does not recognize a contingent liability but discloses its existence in the financial statements.

o. Earning 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.

p. 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 Company 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.

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

q. Fair Value measurement

The Company 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 Company.

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 Company 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 the reporting date, the Company doesnot have any financial instrument which has been measured either through FVTPL or FVTOCI.

r. Current versus Non-Current

The Company 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

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 Company 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 Company has identified twelve months as its operating cycle.

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Malana Power Company Limited
Notes to the standalone financial statements for the year ended March 31, 2019

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	Total	Capital Work in progress
Gross Block	18,427.27	3,258.51	43.06	153.52	213.36	44.49	51.05	9,383.88	1,996.71	104.70	33,676.55	-
As at April 1, 2017	-	-	10.07	-	-	1.50	5.35	7.97	-	12.54	37.43	2.25
Additions	-	-	10.13	-	-	0.80	-	0.09	-	7.75	18.77	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	18,427.27	3,258.51	43.00	153.52	213.36	45.19	56.40	9,391.76	1,996.71	109.49	33,695.21	2.25
Additions	-	8.53	6.14	-	-	6.46	6.86	2.61	-	44.51	75.11	-
Disposals	-	-	5.32	6.17	-	7.62	-	-	-	8.30	27.41	-
As at March 31, 2019	18,427.27	3,267.04	43.82	147.35	213.36	44.03	63.26	9,394.37	1,996.71	145.70	33,742.91	2.25
Accumulated Depreciation												
As at April 1, 2017	11,758.39	1,760.61	37.98	141.21	-	36.39	44.54	6,263.35	1,395.39	52.49	21,490.35	-
Charge for the year	236.75	33.87	1.53	0.32	-	0.68	4.24	111.87	20.66	8.22	418.14	-
Disposals	-	-	9.64	-	-	0.43	-	0.04	-	7.36	17.47	-
As at March 31, 2018	11,995.14	1,794.48	29.87	141.53	-	36.64	48.78	6,375.18	1,416.05	53.35	21,891.02	-
Charge for the period	236.75	33.88	5.13	0.11	-	1.07	4.57	111.50	20.66	11.61	425.28	-
Disposals	-	-	5.07	5.88	-	6.40	-	-	-	7.88	23.23	-
As at March 31, 2019	12,231.89	1,828.36	29.93	135.76	-	31.31	53.35	6,486.68	1,436.71	57.08	22,291.07	-
Net Block												
As at March 31, 2018	6,432.13	1,464.03	13.13	11.99	213.36	8.55	7.62	3,016.58	580.66	56.14	11,804.19	2.25
As at March 31, 2019	6,195.38	1,438.68	13.89	11.59	213.36	12.72	9.91	2,907.69	560.00	88.62	11,451.84	-

Notes :
1) All the assets are owned by the Company except as mentioned otherwise.
2) Gross block of Building, bridges and roads includes cost of road ₹ 1,228.38 lakhs (Previous year ₹ 1,228.38 lakhs) and written down value of Rs 61.42 lakhs (previous year Rs 61.42 lakhs) constructed on forest land diverted for the project under irrevocable right to use.
3) Gross block of Transmission Lines includes ₹ 41.81 lakhs (Previous year Rs. 41.81 lakhs) towards cost of land and compensation paid to Forest Department for construction of Transmission towers under irrevocable right to use.
4) Refer note - 14 for the information on Property, Plant and Equipment hypothecated as security.

4 Intangible Asset

Particulars	Computer software	Total
Gross Block	59.29	59.29
As at April 1, 2017	-	-
Additions	50.45	50.45
Disposals	4.38	4.38
As at March 31, 2018	105.36	105.36
Addition	-	-
Disposals	-	-
As at March 31, 2019	105.36	105.36
Accumulated Amortisation		
As at April 1, 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
Charge for the year	13.77	13.77
Disposals	-	-
As at March 31, 2019	71.65	71.65
Net Block		
As at March 31, 2018	47.48	47.48
As at March 31, 2019	33.71	33.71



5. Investments (Non Current)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Quantity (Nos.)	Amount (Rs.in lakhs)	Quantity (Nos.)	Amount (Rs.in lakhs)
49,29,55,640 (Previous year 49,29,55,640) equity shares of Rs.10 each fully paid of AD Hydro Power Limited (including beneficial owner of 49,890 shares) (pledged with security trustee on behalf of lenders of AD Hydro Power Limited)	492,955,640	49,295.56	492,955,640	49,295.56
Total	492,955,640	49,295.56	492,955,640	49,295.56

6. Loans

Particulars	Non Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good				
a) Security deposits	5.05	5.05	-	-
b) Loan to subsidiary company	46,380.00	46,380.00	-	-
c) Loan to employees	40.51	61.47	24.20	25.38
Total	46,425.56	46,446.52	24.20	25.38

7. Other financial assets

Particulars	Non-Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
a) Advance for Bara Banghal project [including Rs 681.88 lakh(previous year Rs 681.88 lacs) towards consultancy and other expenses on the project] (Unsecured, considered doubtful)				
- Unsecured, considered good	3,060.00	3,060.00	-	-
-Unsecured, considered doubtful	3,741.84	3,741.84	-	-
Less : Provision against upfront premium (Refer Note- 35)	(3,741.84)	(3,741.84)	-	-
Total (a)	3,060.00	3,060.00	-	-
b) Others - Unsecured, considered good				
- Interest accrued on banks deposits	-	-	8.60	68.53
- Interest accrued on loan given to subsidiary company	25,327.61	20,735.99	-	-
- Surrender value of keyman insurance policy	21.01	21.01	-	-
Total (b)	25,348.62	20,757.00	8.60	68.53
Total (a+b)	28,408.62	23,817.00	8.60	68.53

8. Other non current and current assets

Particulars	Non - current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
a) Others				
- Advances recoverable*	-	-	178.71	78.89
- Advances to employees	-	-	12.10	3.54
- Balance with Government authorities	1,000.00	1,000.00	-	-
- Amount paid under protest**	-	-	-	-
Total other assets	1,000.00	1,000.00	190.81	82.43

* Includes Rs.32.58 Lakhs recoverable from subsidiary company for retirement benefits paid to employee for tenure served in subsidiary company.

** Amount deposited under protest in favour of Registrar (General) High Court of Himachal Pradesh, Shimla. Refer Note No. 31(i)(ii).

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

Particulars	As at March 31, 2019	As at March 31, 2018
Stores and spares*	277.00	236.45
Total	277.00	236.45

* Includes store lying with third parties ₹. 20.87 lakhs (previous year ₹ Nil lakhs)

10. Trade receivables

Particulars	Current	
	As at March 31, 2019	As at March 31, 2018
Trade receivable		
Unsecured, considered good	397.92	299.78
	397.92	299.78

Note : The average credit period for the Company's receivables from its generation and transmission business is in the range of 3 to 7 days

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11. Cash and Cash Equivalents

Particulars	(₹ in lakhs)	
	As at March 31, 2019	As at March 31, 2018
(a) Balances with banks : - In Current Accounts - In Deposit Accounts (with original maturity less than 3 months)	23.68 532.00	90.72 339.53
(b) Cash on hand	2.06	2.81
Total	557.74	433.06

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

Particulars	(₹ in lakhs)	
	As at March 31, 2019	As at March 31, 2018
In Deposit Accounts (a) Earmarked (kept as margin money against payment of wheeling charges) (b) Others	30.18 -	30.18 3,756.00
Total	30.18	3,786.18

13. Tax Assets / (Tax liabilities)

Particulars	(₹ in lakhs)	
	As at March 31, 2019	As at March 31, 2018
Advance Tax / TDS (net of provisions) classified as: Advance Tax / TDS	9,733.42	7,323.92
Less: Provision for income tax	(9,767.53)	(7,595.79)
Total	(34.11)	(271.87)

14. Non-Current Borrowings

Particulars	Non - Current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Secured-Measured at amortised cost (i) Term loans from financial institutions	15,096.03	18,530.59	-	-
Current Maturities of long term borrowings #	(434.55)	(434.55)	-	-
Total	14,661.48	18,096.04	-	-

Refer Note 20

14.1 Summary of borrowings arrangements

(i) The terms of repayment of outstanding of term loans are stated below:

Name of lender	Carrying Value	Last Maturity Date	(₹ in lakhs)	
			As at March 31, 2019	As at March 31, 2018
IDFC Infrastructure Finance Limited - 1	3,812.98	September 30, 2028	-	-
IDFC Infrastructure Finance Limited - 2	6,692.14	September 30, 2029	-	-
India Infradebt Limited	4,590.91	September 30, 2029	-	-
Total	15,096.03			

Security terms :

(i) IDFC Infrastructure Finance Ltd - 1

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 @ 9.625% per annum (previous year @ 9.425%) secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis.

(ii) IDFC Infrastructure Finance Ltd - 2

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.

(iii) India Infradebt Limited

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.

(iv) 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.

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15 Share capital

Particulars	(₹ in lakhs)	
	As at March 31, 2019	As at March 31, 2018
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:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount (Rupees in lakhs)	No. 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 company

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	(Amount in Rs. Lakhs)	No. of shares	(Amount in Rs. 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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% Holding	No. 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	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.

16 Other Equity

Particulars	(₹ in lakhs)
Securities premium	
Balance as at April 1, 2017	32,545.67
Additions during the year	-
Balance as at March 31, 2018	32,545.67
Additions during the year	-
Balance as at March 31, 2019	32,545.67
Retained earnings	
Balance as at April 1, 2017	59,996.33
Profit for the year	11,907.84
Balance as at March 31, 2018	71,904.17
Profit for the year	7,010.07
Interim dividend paid during the year (Rs. 2.25 per share)	(3,319.33)
Dividend Distribution Tax on interim dividend	(682.30)
Balance as at March 31, 2019	74,912.61
Other Comprehensive Income	
Balance as at April 1, 2017	(9.97)
Other comprehensive loss for the year, net of tax	(5.45)
Balance as at March 31, 2018	(15.42)
Other comprehensive loss for the year, net of tax	(13.78)
Balance as at March 31, 2019	(29.20)

Nature and Description of Reserve :

(i) Securities Premium:-

Securities Premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

(ii) Retained earnings:-

Retained earnings constitute the accumulated profits earned by the company till date, less dividend (including dividend distribution tax) and other distribution made to shareholders.



17. Provisions

Particulars	Non - current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits				
Provision for gratuity	-	-	34.92	21.70
Provision for compensated absences	124.15	122.17	4.71	3.11
Total	124.15	122.17	39.63	24.81

18. Deferred tax assets / liabilities (net)

Particulars	As at March 31, 2019	As at March 31, 2018
A. Tax effects of items constituting deferred tax liability:		
Property, plant and equipment	2,591.63	2,631.08
Total Deferred tax liability (A)	2,591.63	2,631.08
B. Tax effects of items constituting deferred tax assets:		
Others	(60.62)	(53.25)
MAT Credit entitlement	(3,577.32)	(4,486.49)
Total Deferred tax asset (B)	(3,637.94)	(4,539.74)
Net Deferred tax (assets)/ liability (A+B)	(1,046.31)	(1,908.66)

19. Trade payables

Particulars	Current	
	As at March 31, 2019	As at March 31, 2018
Trade payable		
- total outstanding dues of micro and small enterprises (Refer note below)	-	-
- total outstanding dues of creditors other than micro and small enterprises	1,600.58	1,057.06
Total	1,600.58	1,057.06

Note: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2019	As at March 31, 2018
The principal amount remaining unpaid to any supplier as at the end of the year	-	-
The interest due on principal amount remaining unpaid to any supplier as at the end of the year	-	-
The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

20. Other financial liabilities

Particulars	Non - current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
a) Current maturities of long term borrowings (Refer note 14)	-	-	434.55	434.55
b) Sundry deposits	-	-	26.13	10.78
c) Interest accrued but not due on loan from financial institution	-	-	3.79	4.49
Total	-	-	464.47	449.82

21. Other liabilities

Particulars	Non - current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Statutory liabilities (Contribution to PF, TDS, GST, etc.)	-	-	41.98	44.71
Total	-	-	41.98	44.71

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22. Revenue from operations

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from power supply and transmission income		
a) Revenue from power supply (gross)	9,836.69	8,469.97
b) Revenue from Transmission income (gross)	112.73	86.57
Less : Discount on prompt payments	(0.37)	(59.37)
Less : Unscheduled interchange charges	(276.44)	(63.24)
Revenue from Power supply and transmission income (net)	9,672.61	8,433.93

23. Other income

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Interest income		
i) Financial assets held at amortised cost		
- Interest on Bank Deposits	340.53	261.08
- Interest on Subordinate debt	5,101.80	5,101.80
- Interest on employee loan	1.97	0.82
ii) Others		
- Interest on income tax refund	-	0.42
b) Others non operating income		
- Sale of emission reductions	68.47	82.07
- Miscellaneous income	20.23	11.28
c) Others gain and losses		
- Gain on disposal of property, plant and equipment	0.91	0.27
Total	5,533.91	5,457.74

24. Employee benefits expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Salaries, wages and bonus	801.17	650.54
b) Director's remuneration	256.99	239.48
c) Contribution to provident and other funds	47.48	45.37
d) Gratuity expenses	15.48	14.01
e) Compensated absences expenses	9.75	44.01
f) Workmen and staff welfare expenses	31.13	39.11
Total	1,162.00	1,032.52



25. Finance costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Interest cost		
- Interest on term loans	1,686.97	1,815.08
- Interest on delayed payment of Income Tax	-	7.06
a) Other Borrowing cost		
- Bank charges	3.25	8.74
Total	1,690.22	1,830.88

26. Depreciation and amortisation expense

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Depreciation on property, plant and equipment	425.28	418.14
b) Amortisation of intangible assets	13.77	3.93
Total	439.05	422.07

27. Other expense

(₹ in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Stores, spares and other consumables	154.56	117.92
Rent expenses	16.71	17.45
Power and fuel	47.93	47.67
Repair and maintenance		
- Buildings	13.85	9.03
- Plant and machinery	295.18	56.81
- Others	19.46	16.76
Rates and taxes	0.43	1.28
Insurance	92.10	92.90
Payment to auditor	22.35	15.29
Communication costs	10.92	13.81
Printing and stationery	6.68	6.75
Travelling and conveyance	70.16	66.96
Membership fees and subscriptions	1.83	1.89
Legal and professional fees	149.70	112.04
Social welfare expenses	2.84	0.79
Corporate social responsibility expenses	195.09	59.50
Miscellaneous expenses	128.57	99.96
Total	1,228.36	736.81

Notes :

(i) Payment to Auditors

- Audit fee	10.65	10.65
- Fees for group reportings	10.00	3.54
- Fees for certification	0.59	0.59
- Out of pocket expenses	1.11	0.51
TOTAL	22.35	15.29

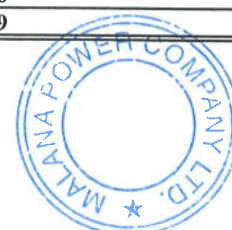
(ii) Corporate social responsibility expenditure

Amount required to be spend as per section 135 of the Act

156.68 11.24

Amount spent during the year on :

- Construction / acquisition of any asset	52.53	9.78
- Other purpose	142.56	49.72
TOTAL	195.09	59.50



28. Income tax expense

a) Income tax recognised in profit and loss

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax	2,171.74	3,233.76
Deferred tax	(41.16)	(579.95)
MAT Credit recognised related to prior years	67.78	(4,153.78)
MAT Credit income recognized and utilised during the year	-	(1,287.28)
MAT Credit utilised during the year	841.39	-
Total Income tax (credit)/expenses recognised in the current period	3,039.75	(2,787.25)

b) Income tax expense for the year can be reconcile to the accounting profit as follow :

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:

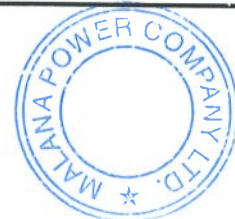
PARICULARS	(₹ in lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Accounting profit before tax	10,049.82	9,120.59
Profit/Loss before tax from a discontinued operation		
Accounting Profit before Income Tax	10,049.82	9,120.59
At India's statutory income tax rate of 29.12% (Previous year 34.608%)	2,926.51	3,156.45
Tax effect of permanent differences:		
Expenditure not allowed for tax purpose-CSR Expenses	56.81	20.59
Tax effect due to change in tax rates	-	(485.82)
Tax effect of income from sale of emission reductions certificates taxable at lower rate	(11.35)	-
Prior year tax effect on deferred tax liability	-	(37.42)
	2,971.97	2,653.80
MAT Credit availed related to prior years	67.78	(4,153.78)
MAT Credit income recognized and utilised during the year	-	(1,287.28)
Income tax expenses reported in the Statement of Profit and Loss	3,039.75	(2,787.26)

(c) Reconciliation of (deferred tax asset)/liability

Particulars	(₹ in lakhs)	
	As at March 31, 2019	For the year ended March 31, 2018
Opening balance	(1,908.66)	2,827.31
Tax (income)/expense during the period recognised in profit or loss	(41.16)	(579.95)
Tax (income)/expense during the period recognised in OCI	(5.66)	(2.24)
MAT Credit (recognized)/reversed during the year	67.78	(4,153.78)
MAT Credit utilised during the year	841.39	-
Closing Balance	(1,046.31)	(1,908.66)

29. Earnings per share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit for the year attributable to owners of the Company (A)	7,010.07	11,907.84
Weighted average number of equity shares for the purpose of basic and diluted earning per share (No. of share in lakh) (B)	1,475.26	1,475.26
Basic and diluted earning per share (A/B)	4.75	8.07



30 Segment Reporting

The Company's activities during the year involved generation of the hydro power (Refer Note 1). Considering the nature of Company'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.

The Company has sold entire electricity units generated during the year through Indian Energy Exchange.

31 Contingent Liabilities and Commitments (to the extend not provided for)

31.1 Contingent Liabilities

- (i) In respect of assessment years 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15, the Assessing Officer (AO) raised demands of Rs 15.54 lakhs, Rs 34.07 lakhs, Nil, Rs 68.75 lakhs, Rs 38.70 lakhs, Rs 71.19 lakhs and Rs 1.16 lakhs respectively in which AO disallowed expenses under section 14A of the Income-tax Act, 1961 under MAT computation, considering interest on loan given to subsidiary as exempted dividend income and disallowed proportionate amount of deduction under section 80-IA and denying the claim of the Company to treat the income from carbon credit as capital receipt. Based upon the favourable order passed by the Income tax authorities in the past in certain assessment year's appeal proceedings at the level of High court and ITAT, respectively, the Company is of the view that the above said demands are not tenable and thus remote in nature.
- (ii) Company had entered into an agreement for wheeling with Himachal Pradesh State Electricity Board (HPSEB) on March 3, 1999 pursuant to the provisions of the Implementation Agreement. The Agreement for wheeling prescribed the terms and conditions in detail including wheeling charges and wheeling losses payable by the Company to HPSEB (now HPSEBL) over the period of 40 years of the Operations along with the commitment of free power supply.

Subsequently, HPSEBL in 2015 started demanding wheeling/ transmission charges on the basis per Regulations and tariff orders issued by the Himachal Pradesh Electricity Regulatory Commission (HPERC) which was contested by Company in Hon'ble High Court of Himachal Pradesh and subsequently in Hon'ble Supreme Court of India on the ground of agreement signed by the Company and other legal issues.

After the order of the Hon'ble Supreme Court of India, HPERC adjudicated the disputes and passed the order on March 30, 2019 and stated that Multi Year Tariff (MYT) orders passed by it will be applicable to the Company and accordingly prescribed the wheeling/ transmission charges and losses applicable on to the Company. It directed the HPSEBL to re-compute demand payable by the Company.

Pursuant to the above said order, HPSEBL, vide its letter dated April 27, 2019 raised a provisional demand of Rs 8069.25 lakhs for the period April 1, 2008 to March 31, 2019 after adjusting the payments which were receivable by the Company on account of UI Charges, handling charges (including interest) and wheeling charges already paid by the Company in past years. As the demand is provisional, the amount is subject to reconciliation.

Company has obtained multiple opinions from independent legal and industry experts. Based on their opinions, Company is of the view that, there was an agreement for wheeling describing the terms of wheeling including wheeling charges and losses. HPERC has not taken into the consideration the wheeling charges and losses alongwith free power already agreed in the agreement for wheeling. Therefore these rates cannot be re-determined and revised retrospectively.

If the charges are to be redetermined, HPERC is required to determine charges based on the point-to-point connection charges considering the 40 year duration of the agreement and therefore the charges for entire State Transmission Network calculated in MYT Orders for the consumers of the area of supply cannot be applied on Company as it is not a consumer. Therefore the demand of HPSEBL calculated in terms of the HPERC Order is not legally tenable and would not result in any material liability on the Company as on March 31, 2019.

In view of this, the Company has filed an appeal before Appellate Tribunal, Electricity on April 24, 2019.

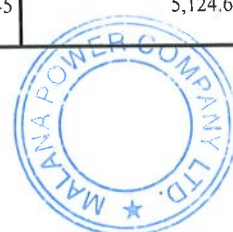
- (iii) Based upon the legal opinion obtained by the management, there are various interpretation issues and thus is in the process of evaluating the impact of the recent Supreme Court Judgment in the case of "Vivekananda Vidyamandir vs Regional Provident Fund Commissioner (II), West Bengal in relation to non-exclusion of certain allowances from the definition of "basis wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952.

(iv) Financial Guarantee

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

(₹ in lakhs)		
Particulars	As at March 31, 2019	As at March 31, 2018
a) The amount of outstanding loans covered by such guarantees	54,050.52	64,285.79
b) Under the terms of the said guarantee the maximum amount for which the company may be contingently liable during the next 12 months	5,480.45	5,124.65

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Malana Power Company Limited**Notes to Standalone Financial Statements for the year ended March 31, 2019****31.2 Commitments**

- a) 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 under the head 'Wheeling Charges' in the statement of Profit and Loss.
- b) At March 31, 2019, 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.

32 Related Party Disclosures

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	i) Mr. Ravi Jhunjhunwala, Chairman & Managing Director ii) Mr. O.P Ajmera, CEO and CFO iii) Mr. Arvind Gupta*
Relatives of key management personnel	i) Mrs. Rita Jhunjhunwala (wife of the Chairman & Managing Director) ii) Mr. Riju Jhunjhunwala (son of the Chairman & Managing Director) iii) Mr. Rishabh Jhunjhunwala (son of the Chairman & Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	i) HEG Limited, ii) RSWM Limited
Employee benefit funds	i) Malana Power company Limited Employees Gratuity Trust

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

- b) Names and details of transaction of related parties during the year are as follows:

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Transaction with related parties		(₹ in lakhs)									
Nature of Transaction	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	
		Mar. 2019	Mar. 2018	Mar. 2019	Mar. 2018	Mar. 2019	Mar. 2018	Mar. 2019	Mar. 2018	Mar. 2019	Mar. 2018
Transactions during the year											
(i) Rent Paid											
a) Mrs Rita Jhunjhunwala	-	-	-	-	-	17.69	16.95	-	-	-	-
b) Mr. Rishab Jhunjhunwala	-	-	-	-	-	17.17	16.45	-	-	-	-
c) Mr. Riju Jhunjhunwala	-	-	-	-	-	17.17	16.45	-	-	-	-
d) RSWM Limited	-	-	-	-	-	-	-	16.71	17.45	-	-
Consultancy service charges paid to Indo Canadian Consultancy Services Limited	-	-	-	-	-	-	-	-	-	-	-
(ii) Remuneration paid											
a) Mr. Ravi Jhunjhunwala	-	-	-	256.88	239.48	-	-	-	-	-	-
b) Mr. O.P. Ajmera	-	-	-	196.29	174.91	-	-	-	-	-	-
c) Mr. Arvind Gupta	-	-	-	17.25	15.72	-	-	-	-	-	-
(iii) Reimbursement of expenses paid to:											
a) HEG Limited	-	-	-	-	-	-	-	3.38	-	-	-
b) RSWM Limited	-	-	-	-	-	-	-	14.93	13.71	-	-
c) Bhilwara Energy Limited	6.83	2.36	-	-	-	-	-	-	-	-	-
d) AD Hydro Power Limited	-	-	2.25	0.17	-	-	-	-	-	-	-
(iv) Reimbursement of expenses recovered from:											
a) Bhilwara Energy Limited	65.23	83.58	-	-	-	-	-	-	-	-	-
b) AD Hydro Power Limited	-	-	32.68	-	-	-	-	-	-	-	-
(v) Interest on unsecured loan given to:											
AD Hydro Power Limited	-	-	5,101.80	5,101.80	-	-	-	-	-	-	-
(vi) Trading Margin paid to:											
Statkraft Market Pvt Ltd	27.99	20.27	-	-	-	-	-	-	-	-	-
(vii) Contribution made in (Addition):											
a) Malana Power Company Ltd	-	-	-	-	-	-	-	-	-	21.70	22.63
Employee Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-
b) Malana Power Company Ltd	-	-	-	-	-	-	-	-	-	6.00	5.84
Sr. Executive Group Superannuation Trust	-	-	-	-	-	-	-	-	-	-	-
Balances Receivable:											
a) Statkraft Market Private Limited	0.17	0.13	-	-	-	-	-	-	-	-	-
b) Investment in AD Hydro Power Limited	-	-	49,295.56	49,295.56	-	-	-	-	-	-	-
c) Unsecured Loan given to AD Hydro Power Limited	-	-	46,380.00	46,380.00	-	-	-	-	-	-	-
d) Interest amount recoverable on Unsecured Loan from AD Hydro Power Ltd	-	-	25,327.61	20,735.99	-	-	-	-	-	-	-
e) Amount sundry receivable from AD Hydro Power Ltd	-	-	32.58	-	-	-	-	-	-	-	-
Balances Payable:											
Commission payable to Mr. Ravi Jhunjhunwala	-	-	-	-	-	-	-	-	-	-	-
Statkraft Market Private Limited	0.30	0.15	-	-	102.42	91.73	-	-	-	-	-
Guarantees given by the Company:											
To the lender of AD Hydro Power Limited in favour of IDBI Trustee acting as debenture trustee for IL&FS IDF for the maximum amount for which the Company may be contingently liable during next 12 month	-	-	654.92	654.91	-	-	-	-	-	-	-
To the lenders of AD Hydro Power Limited in favour of IDBI Trustee acting as security trustee for senior lenders of AD Hydro Power Limited for the maximum amount for which the Company may be contingently liable during next 12 month.	-	-	4,825.53	4,474.20	-	-	-	-	-	-	-

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c) Compensation of Key Management Personnel

(₹ in lakhs)

Particular	As at March 31, 2019				As at March 31, 2018			
	CMD	CEO & CFO	CS	Total	CMD	CEO & CFO	CS	Total
	Mr. Ravi Jhunjunwala	Mr. O P Ajmera	Mr. Arvind Gupta		Mr. Ravi Jhunjunwala	Mr. O P Ajmera	Mr. Arvind Gupta	
Short Term Benefit	246.48	185.24	15.52	447.23	229.51	164.88	14.98	409.37
Defined Contribution Plan	10.40	11.05	1.73	23.19	9.97	10.03	0.74	20.74
Total	256.88	196.29	17.25	470.42	239.48	174.91	15.72	430.11

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.

33 Operating Leases arrangements

Operating lease relate to leases of office premise and vehicle with a term of 1 year. During the year Company has recognize lease rent expense of ₹16.41 lakhs (previous year ₹17.45 lakhs)

34 Employee Benefit Plan

34.1 Defined contribution plan

i) Superannuation Fund

The Company makes Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company 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 Company. The Company 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 Company does not expect any shortfall in the foreseeable future. The Company recognized Rs. 6.51 lakhs (previous year Rs. 5.54 lakhs) in the statement of profit and loss account.

ii) Provident Fund

The Company makes Provident Fund contributions which are defined contribution plan, for qualifying employees. Under the scheme Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹47.48 lakh (previous year ₹39.82 lakh) in the statement of profit and loss account. (refer note 24)

34.2 Details of defined benefit plan and long term employee benefit plan

i) Gratuity Fund

The Company 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 Company. 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 recognised insurer managed funds in India. The Company 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.

ii) Long term employee benefits plan

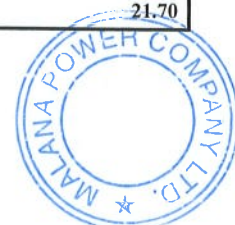
Compensated absence represents earned leaves. Long term compensated absence has been provided on accrual basis based on actuarial valuation.

34.3 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)

Particulars	As at March 31, 2019			As at March 31, 2018		
	Current	Non-Current	Total	Current	Non-Current	Total
Compensated absence obligation	4.71	124.15	128.86	3.11	122.17	125.28
Gratuity:						
-Present value of funded defined	-	-	285.63	-	-	237.18
Fair value of plan assets	-	-	250.71	-	-	215.48
Net defined benefit obligation	34.92	-	34.92	21.70	-	21.70



ii) Movement in the present value of defined benefit obligation

(₹ in lakhs)

Particulars	Gratuity		Compensated absences	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the beginning of the period	237.18	203.80	125.28	81.27
Interest Cost	18.50	14.98	9.77	5.97
Current Service Cost	13.79	12.34	8.90	8.31
Benefits Paid	(21.06)	(1.08)	(21.86)	-
Acquisition/(Divestiture)	16.88	-	15.69	-
Actuarial (Gain)/Loss on obligation	20.34	7.14	(8.92)	29.72
Present value of obligation as at the End of the period	285.63	237.18	128.86	125.28

iii) The amounts recognized in the Profit and Loss account

(₹ in lakhs)

Particulars	Gratuity		Compensated absences	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Service Cost	13.79	12.34	8.90	8.31
Net Interest Cost	1.69	1.66	9.77	5.97
Remeasurements	-	-	(8.92)	29.72
Expense recognized in the Income Statement	15.48	14.00	9.75	44.01

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

(₹ in lakhs)

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Actuarial (gain) / loss for the year on PBO	20.34	7.14
Actuarial (gain) /loss for the year on Asset	(0.90)	0.56
Defined benefit (gain)/loss recognized in other comprehensive income.	19.44	7.70

v) Movement in the fair value of plan assets

(₹ in lakhs)

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
Fair value of plan assets at the beginning of the year	215.48	181.18
Expected return on plan assets	16.81	13.32
Employer contribution	21.70	22.62
Benefits paid	(4.18)	(1.08)
Actuarial Gain/(Loss) on Asset	0.90	(0.56)
Fair value of plan assets at the end of the year	250.71	215.48

vi) Major categories of plan assets (as percentage of total plan assets)

Particulars	Gratuity	
	As at March 31, 2019	As at March 31, 2018
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.



vii) Principal Actuarial Assumptions

Particulars	Gratuity		Compensated absences	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
i) Discounting Rate	7.79	7.80	7.79	7.80
ii) Future salary Increase	5.50	5.50	5.50	5.50
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 (%)			
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:

- (a) 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.
- (b) The estimate of future salary increased considered, takes into account the inflation, seniority, promotion, increment and other relevant factors.

viii) 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:

Particular	(₹ in lakhs)
	Gratuity
a) Impact of the change in discount rate	
Present Value of Obligation at the end of the period	285.63
Defined Benefit Obligation - Discount Rate+100 Basis Points	(18.34)
Defined Benefit Obligation - Discount Rate-100 Basis Points	20.87
b) Impact of the change in salary increase	
Present Value of Obligation at the end of the period	285.63
Defined Benefit Obligation - Salary Escalation Rate+100 Basis Points	21.14
Defined Benefit Obligation - Salary Escalation Rate-100 Basis Points	(18.89)

Note:

- (a) Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.
- (b) 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.

ix) Maturity Profile of defined benefit obligation

Expected cash flows for the next 10 years	(₹ in lakhs)
	Gratuity
April 2019- March 2020	13.33
April 2020- March 2021	10.08
April 2021- March 2022	159.50
April 2022- March 2023	9.10
April 2023- March 2024	57.12
April 2025 to 2029	76.27

- 35 In respect of 200 MW Bara Banghal project in state of Himachal Pradesh for which the Company had bid and paid an upfront premium of Rs.6,120 lacs, the Company has decided to shelve off the project as the State Hydro Power Policy is not aligned with Ministry of Environment and Forest (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 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.

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36 Other Matters

- (i) 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. 25327.61 lakhs) amounting to Rs. 71,707.61 lakhs as on March 31, 2019, total balance recoverable from subsidiary company aggregating to Rs 121,003.17 lakhs as on March 31, 2019. As against this, net assets of the subsidiary company as on March 31, 2019 aggregating to Rs. 99,483.6 lakhs (88% of total net assets of Rs. 113,049.5 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. 21,519.6 lakhs as on March 31, 2019. 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.

37 Financial risk management and objective policies

The company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company'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, 2019 and March 31, 2018.

I 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

(i) Interest Risk Exposure

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

(₹ in lakhs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Variable rate borrowings	3,812.98	4,680.48
Fixed rate borrowings	11,283.05	13,850.11
Total	15,096.03	18,530.59

(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, 2019 and March 31, 2018.

(₹ in lakhs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Effect on Profit if Interest Rate - decrease by 25 basis points	(43.89)	(47.01)
Effect on Profit if Interest Rate - increases by 25 basis points	43.89	47.01

II 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 company is not exposed to any foreign currency risk as there is no material transactions in foreign currency. Hence, no further disclosure is required under this section.

III Price risk

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

(b) Credit risk

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Malana Power Company Limited**Notes to Standalone Financial Statements for the year ended March 31, 2019**

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. The Company 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 Company 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 Company 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.

(i) **Financial assets to which loss allowance is measured using lifetime /12 months Expected Credit Loss (ECL) as on March 31, 2019.**

(₹ in lakhs)

Financial assets to which loss allowance is measured using lifetime/ 12 months Expected credit loss(ECL)	As at March 31, 2019			As at March 31, 2018		
	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision
Long term loans and advances to Subsidiary Company	46,380.00	-	46,380.00	46,380.00	-	46,380.00
Loan to Employees	64.71	-	64.71	86.85	-	86.85
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
Interest accrued on loan given to subsidiary company	25,327.61	-	25,327.61	20,735.99	-	20,735.99
Trade receivables	397.92	-	397.92	299.78	-	299.78
Cash and Cash Equivalents	557.74	-	557.74	433.06	-	433.06
Bank Balance	30.18	-	30.18	3,786.18	-	3,786.18
Interest accrued on bank deposit	8.60	-	8.60	68.53	-	68.53
Security deposit	5.05	-	5.05	5.05	-	5.05

The Company is in the power generation sector. The Company on the basis of its past experience and industry practice is confident on realizing all of its dues from its customers. Hence, the Company has not provided for any discounting on time value of money.

(a) **Liquidity risk**

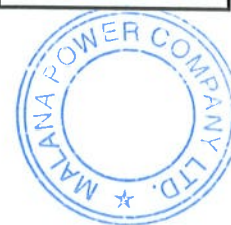
Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligation on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the Company'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:

(₹ in lakhs)

As at March 31, 2019	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	108.64	108.64	217.28	2,165.12	12,496.34	15,096.03
Trade payables	295.11	2.74	1,302.73	-	-	1,600.58
Sundry deposit	0.72	11.34	5.87	1.33	6.87	26.13
Interest accrued but not due on loan from financial institution	3.79	-	-	-	-	3.79

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Malana Power Company Limited**Notes to Standalone Financial Statements for the year ended March 31, 2019**

(₹ in lakhs)						
As at March 31, 2018	Less than 3 months	3 to 6 months	6-12 months	12 months to 3 years	More than 3 years	Total
Borrowings	108.64	108.64	217.27	869.11	17,226.93	18,530.59
Trade payables	401.65	0.04	655.37	-	-	1,057.06
Sundry deposit	0.26	0.35	0.24	0.24	9.67	10.76
from financial institution	4.49	-	-	-	-	4.49

38 Capital management**(a) Risk management**

The Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Company makes continuous efforts to optimise its cost of capital as during 2017-18 and 2018-19 company 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 Company 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)

The gearing ratios were as follows:

(₹ in lakhs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Net Debt	14,538.29	18,097.53
Total Equity	122,181.65	119,186.99
Net Debt to Equity Ratio	0.12	0.15

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Malana Power Company Limited
Notes to Standalone Financial Statements for the year ended March 31, 2019
39 Financial instruments- accounting classification and fair value measurement

(₹ in lakhs)

Particulars	As at March 31, 2019				As at March 31, 2018			
	Fair value through Profit and loss account	Fair value through OCI	Amortised cost (Carrying amount)	Fair value	Fair value through Profit and loss account	Fair value through OCI	Amortised cost (Carrying amount)	Fair value
Long term loans and advances to Subsidiary Company	-	-	46,380.00	46,380.00	-	-	46,380.00	46,380.00
Loan to Employees	-	-	64.71	64.71	-	-	86.85	86.85
Surrender value of key-man insurance policy	-	-	21.01	21.01	-	-	21.01	21.01
Advance for Bara Banghal project	-	-	3,060.00	3,060.00	-	-	3,060.00	3,060.00
Interest accrued on loan given to subsidiary company	-	-	25,327.61	25,327.61	-	-	20,735.99	20,735.99
Trade receivables	-	-	397.92	397.92	-	-	299.78	299.78
Cash and Cash Equivalents	-	-	557.74	557.74	-	-	433.06	433.06
Bank Balance	-	-	30.18	30.18	-	-	3,786.18	3,786.18
Interest accrued on bank deposit	-	-	8.60	8.60	-	-	68.53	68.53
Security deposit	-	-	5.05	5.05	-	-	5.05	5.05
Total financial assets	-	-	75,852.81	75,852.81	-	-	74,876.45	74,876.45
Borrowings	-	-	15,096.03	15,096.03	-	-	18,530.59	18,530.59
Trade Payables	-	-	1,600.58	1,600.58	-	-	1,057.06	1,057.06
Interest accrued but not due on loan from financial institution	-	-	3.79	3.79	-	-	4.49	4.49
Sundry deposit	-	-	26.13	26.13	-	-	10.76	10.76
Total financial liabilities	-	-	16,726.53	16,726.53	-	-	19,602.90	19,602.90

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40 Recent accounting pronouncements

- (i) **Ind AS 116 Leases:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

There will be no material impact on adoption of Ind AS 116 as on transition date other than the classification/ presentation.

- (ii) **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight; and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

There will be no material impact on adoption of Ind AS 12 Appendix C in the financial statements.

- (iii) **Amendment to Ind AS 12- Income Taxes**

On March 30, 2019, the amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment is effective from annual period beginning from April 1, 2019. There Company is currently evaluating the effect of this amendment.

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



Place : Noida
Date : May 10, 2019

Ravi Jhunjunwala
Chairman and Managing Director
DIN:-00060972

O.P. Ajmera
CEO and CFO

Knut Leif Bredo Erichsen
Director
DIN:-07270992

Arvind Gupta
Company Secretary
M.No.:-F7690

