S R B C & CO LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

INDEPENDENT AUDITOR'S REPORT

To the Members of MALCO Energy Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of MALCO Energy Limited ("the Company"), which comprise the Balance Sheet as at March 31 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other 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 Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibility of Management for the Ind AS 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 Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 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 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

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to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to 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:

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i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 26 to the Ind AS 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta
Partner
Membership Number: 105938
Place: Mumbai
Date: April 25, 2019

Re: MALCO Energy Limited (the "Company")

Annexure 1 referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of our audit report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(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 section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the generation and supply of power, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, income-tax, Goods and Service tax, duty of custom, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, Goods and Service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Customs act, 1962	Custom Duty	2251.86	2011-12, 2012-13 and 2014-15	Customs Excise and Service Tax Appellate Tribunal

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) of the Order is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.

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(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta
Partner
Membership Number: 105938
Place: Mumbai
Date: April 25, 2019

S R B C & CO LLP
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Re: MALCO Energy Limited (the "Company")
Annexure 2 referred to in paragraph 2(f) under Report on Other Legal and Regulatory Requirements of our audit report of even date

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

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established under the committee of Sponsoring Organisations of Treadway Commission (2013 Framework) ("COSO 2013 criteria"), which considers the essential components of internal controls 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 the 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 based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta
Partner
Membership Number: 105938
Place: Mumbai
Date: April 25, 2019

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

MALCO Energy Limited

Balance Sheet as at 31 March 2019

	Notes	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	10,079	10,508
(b) Capital Work-in-progress	3	-	-
(c) Intangible assets	4	11	22
(d) Financial assets			
(i) Investments	5	23,212	23,212
(ii) Other financial assets	6	73	86
(e) Non current tax assets (net)		7	23
(f) Other non-current assets	7	1,441	1,293
Total Non-current assets		34,823	35,144
Current assets			
(a) Inventories	8	170	172
(b) Financial Assets			
(i) Investments	5	14,254	10,070
(ii) Trade receivables	9	2,306	6,538
(iii) Cash and cash equivalents	10	57	48
(c) Other Current Assets	11	131	116
Total Current assets		16,918	16,944
Total assets		51,741	52,088
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	467	467
(b) Other equity	13	45,616	45,519
Total Equity		46,083	45,986
Liabilities			
Non-current Liabilities		-	-
Total Non-current liabilities		-	-
Current Liabilities			
(a) Financial liabilities			
(i) Trade Payables	14		
- Total Outstanding Dues of micro and small enterprises		1	4
- Total Outstanding Dues of creditors other than micro and small enterprises		89	97
(ii) Other financial liabilities	15	175	636
(b) Other current liabilities	16	5,392	5,352
(c) Provisions	17	1	13
Total Current Liabilities		5,658	6,102
Total Equity and Liabilities		51,741	52,088

The accompanying notes are forming part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E/E300003

per Vikram Mehta
Partner
Membership No. - 105938

S R B C & CO LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Place : Mumbai
Date :
25 APR 2019

For and on behalf of Board of Directors

P Ramnath
Director
DIN 03625336

C Murugeswaran
Director
DIN 05195128

MALCO ENERGY LIMITED ★ Mettur ★

Place : New Delhi
Date :
25 APR 2019

MALCO Energy Limited

Statement of Profit and Loss for the year ended 31 March 2019

	Notes	For the year ended 31 March 2019 Rs. Lakhs	For the year ended 31 March 2018 Rs. Lakhs
Revenue from operations	18	-	2,159
Other income	19	996	314
Total Income (I)		996	2,473
Expenses:			
Power & fuel		158	2,157
Employee benefits expense	20	179	599
Depreciation and amortization expense	21	440	435
Other expenses	22	150	1,404
Total expenses (II)		927	4,595
Profit /(Loss) before tax (I-II)		69	(2,122)
Tax expense	23	-	-
Profit /(Loss) for the year		69	(2,122)
Other Comprehensive income			
Items not to be reclassified to profit and loss			
- Remeasurement gains/(losses) on defined benefit plans		28	(25)
- Income tax effect		-	-
Total other comprehensive income for the year		28	(25)
Total comprehensive income for the year		97	(2,147)
Earnings per equity share of Rs.2 each	29		
- Basic		0.30	(9)
- Diluted		0.04	(9)

The accompanying notes are forming part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E/E300003

per Vikram Mehta
Partner
Membership No. - 105938

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Place : Mumbai
Date :

25 APR 2019

For and on behalf of Board of Directors

P Ramnath
Director
DIN 03625336

C Murugeswaran
Director
DIN 05195128

Place : New Delhi
Date :

25 APR 2019

MALCO ENERGY LIMITED Mettur

MALCO Energy Limited

Statement of Cash Flow for the year ended March 31, 2019

		For the year ended 31 March 2019 Rs. Lakhs	For the year ended 31 March 2018 Rs. Lakhs
Cash flows from operating activities			
Profit before tax		69	(2,122)
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization expenses		440	435
Gain on sale of current investments (including fair value changes)		(981)	(266)
Provision for doubtful debts		-	251
Provision for slow moving inventory		-	266
Loss/(profit) on sale of Property, Plant and Equipments (net)		-	(1)
Interest income		(6)	(19)
Finance Cost		0	3
Capital Work-in Progress written off		-	43
		(478)	(1,410)
Movement in working capital			
(Increase)/Decrease in inventories		2	2,046
(Increase)/Decrease in trade receivables		4,232	13,824
(Increase)/Decrease in Financial assets - Others Non Current		13	22
(Increase)/Decrease in Financial Assets - Others Current		-	25
(Increase)/Decrease in Other Current Assets		(15)	433
(Increase)/Decrease in Other Non Current Assets		(148)	(36)
Increase/(Decrease) in trade payable		(11)	(2,276)
Increase/(Decrease) in Other Financial Liabilities - Current		(461)	(4,441)
Increase/(Decrease) in Other Current Liabilities		40	27
Increase/(Decrease) in Provisions		16	(13)
Cash generation from operation		3,190	8,200
Income tax refund/ (paid) (net)		16	4
Net cash from operating activities	(A)	3,206	8,204
Cash flows from investing activities			
Purchases of Property, Plant and equipment		-	(82)
Proceeds from sale of Property, Plant and Equipments		-	1
Purchase of current investments		(46,100)	(59,056)
Proceeds from sale of current investments		42,897	49,252
Interest received		6	19
Net cash from/(used in) investing activities	(B)	(3,197)	(9,867)
Cash flows from financing activities			
Interest paid			(3)
Proceeds from Issue of Compulsory Convertible Debentures		-	1,704
Net cash from/(used in) financing activities	(C)	(0)	1,701
Net (decrease)/increase in cash and cash equivalents	(A+B+C)	9	40
Cash and cash equivalents at the beginning of the year		48	8
Cash and cash equivalents at the end of the year (Refer Note-10)		57	48
Non-cash investing and financing transactions			
-Net gain arising on Financial assets measured at FVTPL		343	14
		343	14

The accompanying notes are forming part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E/E300003

per Vikram Mehta
Partner
Membership No. - 105938

Place : Mumbai
Date :

25 APR 2019

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

P Ramnath
Director
DIN 03625336

C Murugeswaran
Director
DIN 05195128

Place : New Delhi
Date :

25 APR 2019

MALCO ENERGY LIMITED
Mettur

MALCO Energy Limited
Statement of changes in equity for the year ended 31 March 2019

Rs. Lakhs

	Equity Share Capital	Other equity					Total equity
		Instruments entirely equity in nature - compulsorily convertible debentures	Reserves and surplus			Total other equity	
			Securities premium	Debenture redemption reserve	Retained earnings		
As at 31 March 2017	467	6,11,841	9,992	-	(5,75,871)	45,962	46,429
Profit/(Loss) for the year	-	-	-	-	(2,122)	(2,122)	(2,122)
Other comprehensive income	-	-	-	-	(25)	(25)	(25)
Total comprehensive income	-	-	-	-	(2,147)	(2,147)	(2,147)
Compulsory convertible debentures issued during the year classified as equity	-	1,704	-	-	-	1,704	1,704
As at 31 March 2018	467	6,13,545	9,992	-	(5,78,018)	45,519	45,986
Profit/(Loss) for the year	-	-	-	-	69	69	69
Other comprehensive income	-	-	-	-	28	28	28
Total comprehensive income	-	-	-	-	97	97	97
As at 31 March 2019	467	6,13,545	9,992	-	(5,77,921)	45,616	46,084

The accompanying notes are forming part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E/E300003

per Vikram Mehta
Partner
Membership No. - 105938

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Place : Mumbai
Date :
25 APR 2019

For and on behalf of Board of Directors

P Ramnath
Director
DIN 03625336

C Murugeswaran
Director
DIN 05195128

MALCO ENERGY LIMITED Mettur

Place : New Delhi
Date :
25 APR 2019

MALCO Energy Limited
Notes to the Financial Statements for the year ended 31 March 2019

1. Company overview:

MALCO Energy Limited ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of Companies Act, 1956. The Company is engaged in the business of generation and supply of power.

2. Significant accounting policies:

(a) Basis of preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The accounting policies adopted for preparation and presentation of financial statement have been consistently applied except for the changes in accounting policy for amendments to the standard that were issued by MCA, effective for annual period beginning from on or after 1 April 2018. The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

(b) Revenue Recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Sale of Power:

Revenue from sale of power is recognised at the point in time when delivered and measured based on rates as per contractual agreements with buyers.

Dividend Income:

Dividend income is recognised when the right to receive payment is established.

Interest income:

Interest income from a financial assets is recognised using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial assets to the carrying amount of the financial asset on initial recognition.

(c) Foreign Currency:

The Company's financial statements are presented in INR, which is also the company's functional currency. Income and expenses in foreign currencies are recorded at exchange rates prevailing on 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 the Statement of 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

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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).

(d) Income Tax:

Current and deferred tax for the year:

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the Statement of Profit or Loss , except when they relate to items that are recognised in other comprehensive income or directly in equity , in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted, by the end of the reporting period.

Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is 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 asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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(e) Property, Plant and Equipment:

Property, plant and equipment is stated at cost net of accumulated depreciation and accumulated impairment loss, if any. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the Statement of Profit or Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improve the economic benefits expected to arise from the asset.

Assets in the course of construction are stated at cost less impairment loss, if any. Such assets are classified to the appropriate category of property, plant and equipment when completed and ready for intended use.

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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit & loss when the asset is derecognised.

Depreciation is recognised so as to write off the cost of assets 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.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Plant and equipment	15-40 years
Furniture and fixtures	5-10 years
Vehicles	5-10 years
Office equipment	5-10 years

The management has estimated the above useful life and the same is supported by technical expert.

Major overhaul costs are depreciated over the estimated life of the economic benefit to be derived from the overhaul.

(f) Intangible Assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised over their estimated useful lives. The estimated useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets representing cost of software capitalised is amortised over its useful life which is estimated to be a period of four years.

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(g) Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

(h) Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(i) 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.

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 of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For 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. A previously recognised impairment loss is reversed only if there has

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been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(j) 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(k) Contingent liabilities and contingent assets

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.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

(l) Retirement and other employee benefits:

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the provident fund and superannuation scheme as an expense, when an employee renders the related service.

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the scheme is determined on the basis of actuarial valuation using Projected Unit Credit Method at the date of Balance Sheet.

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 the Statement of Profit or Loss in subsequent periods.

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Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and this is shown under current provision in the Balance Sheet. 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 and this is shown under long term provisions in the Balance Sheet. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(m) Financial Instrument:

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.

(i) Financial assets:

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement:

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

- **Financial assets at amortised cost:**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. 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 in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss. This category generally applies to trade and other receivables, loans and other financial assets.

- **Financial assets at fair value through other comprehensive income:**

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the asset's contractual cash flow represents SPPI.

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- **Financial assets at fair value through profit & loss (FVTPL):**

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit & loss.

Derecognition:

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired and 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.

(ii) Investment in subsidiary:

Investment in subsidiary is measured at cost as per Ind AS- 27 'Separate Financial Statement'.

(iii) 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 financial assets. 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.

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

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

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as expense/income in statement of profit or loss.

Impairment of investment in subsidiary, if any, is determined based on value in use approach.

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(iv) Financial Liabilities:

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. 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.

Subsequent measurement:

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

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.

(v) 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.

(n) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company designate hedging instrument i.e. forward contract as fair value hedge. Changes in the fair value of derivatives designated and qualify as fair value hedges are recorded in the statement of profit & loss.

(o)Earnings Per Share (EPS):

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

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(p) Share Based payments:

Vedanta Resources Plc ("VRPLC"), the ultimate holding company, offers certain share based incentives under the Long-Term Incentive Plan ("LTIP") to employees and directors of the Company. VRPLC recovers the proportionate cost (calculated based on the grant date fair value of the options granted) from the Company, which is charged to the Statement of Profit or Loss.

(q) 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.

(r) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The Company considers the following areas as the key sources of estimation uncertainty:

(i) Impairment of Investment in subsidiary:

Impairment of investment in subsidiary has been determined based on value in use approach, a level-3 valuation technique in the fair value hierarchy. Discounted cash flow analysis used to calculate value in use considers free cash over the period of five years and thereafter these cash flows has been escalated at a rate of 2% p.a. The cash flow are discounted using the post-tax nominal discount rate. The fair value is sensitive to the discount rate used as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the investment in subsidiary are disclosed and explained in Note 32.

(ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has Rs.2003.28 crores (31 March 2018: INR 1990.27 crores) of tax losses carried forward. The Company neither have any major taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has recognised the deferred tax assets only to the extent of deferred tax liabilities on the taxable temporary differences. Further details on taxes are disclosed in Note 23.

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(iii) Defined benefit plans

The Company's obligation on account of gratuity is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 28 to the financial statements.

(iv) Contingencies and commitments:

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

While considering the possible, probable and remote analysis of taxation, legal and other claims, there is always a certain degree of judgement involved pertaining to the application of the legislation which in certain cases is supported by views of tax experts and/or earlier precedents in similar matters. Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on the Company's financial position or profitability. These are set out in Note 26 to the financial statements.

(s) Change in accounting policy

(i) Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised 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 adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018. There are no impact of adopting Ind AS 115 as at April 01, 2018. Further, The application of Ind AS 115 did not have any significant impact on the financial statement and EPS for the year ended 31 March 2019.

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(t) Recent accounting pronouncements

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Ind AS 116- Leases

Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after 1st April 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. Lessor accounting under Ind AS 116 is substantially unchanged from accounting under Ind AS 17. Ind AS 116 requires lessees and lessors to make more extensive disclosures than under Ind AS 17. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact on its financial statements.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in statement of profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109- Financial Instruments (amendments relating to prepayment features with negative compensation)

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

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Ind AS 19 – Employee Benefits (amendments relating to plan amendment, curtailment or settlement)

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23- Borrowing Cost

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any such long-term interests in associates and joint ventures.

Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

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

3 Property, Plant and Equipment

Rs. Lakhs

	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Total	Capital work in progress
Cost						
At 31 March 2017	**14,318**	**26**	**10**	**88**	**14,442**	**257**
Additions	269	1	-	27	**297**	-
Disposals	-	-	(10)	-	**(10)**	(257)
At 31 March 2018	**14,587**	**27**	**0**	**115**	**14,729**	-
Additions					-	-
Disposals	-	(1)	-	-	**(1)**	-
At 31 March 2019	**14,587**	**26**	**0**	**115**	**14,728**	-
Depreciation						
At 31 March 2017	3,692	22	10	82	3,806	-
Depreciation charge for the year	**420**	**1**	-	**3**	**424**	-
Disposals	-	-	(10)	-	**(10)**	-
At 31 March 2018	4,112	23	0	85	**4,220**	-
Depreciation charge for the year	**424**	**1**	-	**4**	**429**	-
Disposals	-	(0)	-	-	**(0)**	-
At 31 March 2019	**4,536**	**24**	**0**	**89**	**4,649**	-
Net book value						
At 31 March 2018	10,474	4	0	30	**10,508**	-
At 31 March 2019	10,051	2	0	26	**10,079**	-

4 Intangible assets

Rs. Lakhs

	Computer Software	Total
Cost		
At 31 March 2017	-	-
Additions	39	39
Disposals	-	39
At 31 March 2018	39	39
Additions	-	-
Disposals	-	-
At 31 March 2019	**39**	**39**
Amortisation		
At 31 March 2017	6	6
Amortisation	11	11
At 31 March 2018	17	17
Amortisation	11	11
At 31 March 2019	**28**	**28**
Net book value		
At 31 March 2018	22	22
At 31 March 2019	11	11

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5 Financial assets - Investments

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Non current		
Unquoted equity shares		
Investments in subsidiaries (At cost less impairment, if any)		
33,590,300 (31 March 2018: 33,590,300) equity shares of Fujairah Gold FZC	6,13,660	6,13,660
Less : Provision for impairment of investments (Refer note 32)	(5,90,448)	(5,90,448)
Total	**23,212**	**23,212**
Current		
Investment carried at fair value through Statement of Profit and Loss		
Unquoted		
Investment in mutual funds	14,254	10,070
Total	**14,254**	**10,070**
Aggregate value of unquoted investments	37,466	33,282
Aggregate amount of impairment in value of investment	5,90,448	5,90,448

6 Financial assets - Others

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Non current		
Security Deposits	73	86
Total	**73**	**86**

7 Other non-current assets

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Balance with government authorities	1,441	1,293
Total	**1,441**	**1,293**

8 Inventories (At Lower of Cost and Net Realisable Value)

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Raw Materials	2	2
Stores and Spares	168	170
Total	**170**	**172**

9 Financial assets - Trade receivables

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Trade receivables	2,306	6,503
Receivables from related parties (Refer note 27)	-	35
Total	**2,306**	**6,538**
Break-up for security details:		
Unsecured, considered good	2,306	6,538
Trade receivables- credit impaired	603	603
Total	**2,909**	**7,141**
Impairment Allowance (allowance for bad and doubtful debts)		
Trade receivables- credit impaired	(603)	(603)
Total	**2,306**	**6,538**

Note :
- The credit period given to customers is upto 30 days.
- No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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10 Financial assets - Cash and cash equivalents

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Balances with banks		
- on current account	57	48
Total	**57**	**48**

Changes in liabilities arising from financing activities:

The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.

11 Other Current Assets

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Balance with government authorities	76	88
Leave Encashment Fund	36	21
Gratuity Fund (Refer Note 28)	13	-
Prepaid expenses	6	8
Total	**131**	**116**

12 Share capital

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
(a) Authorised shares		
880,000,000 (March 31, 2018: 880,000,000) Equity Shares of Rs. 2 each	17,600	17,600
1,250,000 (March 31, 2018: 1,250,000) Preference Shares of Rs. 1000 each	12,500	12,500
(b) Issued, Subscribed and Fully Paid up Shares :		
23,366,406 (March 31, 2018: 23,366,406) Equity Shares of Rs. 2 each	467	467
	467	**467**

(c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	31 March 2019		31 March 2018	
	No. of shares	Amount Rs. Lakhs	No. of shares	Amount Rs. Lakhs
Balance as at the beginning of the year	23,366,406	467	23,366,406	467
Balance as at the end of the year	**23,366,406**	**467**	**23,366,406**	**467**

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

Out of equity shares issued by the company, shares held by its holding company is as follows:

	31 March 2019		31 March 2018	
	No. of shares	Amount Rs. Lakhs	No. of shares	Amount Rs. Lakhs
Vedanta Limited, the holding company	23,366,406	467	23,366,406	467

(e) Shareholders holding more than 5% shares in the company

	31 March 2019		31 March 2018	
	No. of shares	% of holding	No. of shares	% of holding
Vedanta Limited, the holding company	23,366,406	100%	23,366,406	100%

(f) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is entitled for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is paid as and when declared by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

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13 Other Equity

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
(a) Securities Premium Account		
Balance as at the beginning of the year	9,992	9,992
Balance as at the end of the year	**9,992**	**9,992**

Securities Premium represents the surplus of proceeds received over the face value of shares, at the time of issue of shares. The Company can use this reserve for issue of bonus shares and for buy back of shares.

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
(b) Retained Earning		
Balance as at the beginning of the year	(5,78,018)	(5,75,871)
Add: Profit/(Loss) for the year	69	(2,122)
Acturial remeasurement (loss)/gain for the year through OCI	28	(25)
Balance as at the end of the year	**(5,77,921)**	**(5,78,018)**

The balance in the Retained Earnings primarily represents the surplus after payment of dividend (including tax on dividend) and transfer to reserves. The Company can use this reserve for payment of dividend and issue of bonus shares.

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
(c) Instruments entirely equity in nature - compulsorily convertible debentures (Refer note below)		
As at beginning of the year	6,13,545	6,11,841
Issued during the year	-	1,704
Balance as at the end of the year	**6,13,545**	**6,13,545**
Total Other Equity (a+b+c)	**45,616**	**45,519**

The company has issued 60,112,280 unsecured compulsory convertible debentures (CCDs) at Rs. 1000 each (including premium of Rs. 900 each). The CCDs carries coupon rate of 0 % and are convertible at the price of Rs. 466/- per share at the end of 10 years from the date of issue of CCDs or at such dates as may be mutually agreed between the parties. Accordingly, CCDs have been classified as equity.

14 Financial liabilities : Trade payables

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Trade Payables		
(i) Total Outstanding Dues of micro and small enterprises (Refer note 31)	1	4
(ii) Total Outstanding Dues of creditors other than micro and small enterprises	89	97
Total	**90**	**101**

15 Financial liabilities : Others

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Current		
Liabilities to Related Parties (Refer note 27)	48	498
Liability for capital expenditure	96	96
Employee Payables	31	42
Total	**175**	**636**

16 Other current liabilities

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Claims and other payables	5,378	5,321
Statutory Liabilities	5	22
Advance from customers	9	9
Total	**5,392**	**5,352**

Other Current Liabilities include Contractual Liabilities of Rs. 9lakhs as at March 31,2019

17 Provisions

	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
Provision for employee benefits		
-Provision for gratuity (Refer note 28)	-	13
-Provision for other employee benefits	1	-
	1	13

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

18 Revenue from operations

	Year ended 31 March 2019 Rs. Lakhs	Year ended 31 March 2018 Rs. Lakhs
Revenue from Contract with Customers		
Sale of power	-	412
Sale of raw materials	-	1,725
Total	**-**	**2,137**
Revenue- Others		
Other operating revenues		
Sale of fly ash	-	3
Scrap sales	-	19
Total	**-**	**2,159**

19 Other income

	Year ended 31 March 2019 Rs. Lakhs	Year ended 31 March 2018 Rs. Lakhs
Gain on sale/fair valuation of current investment measured at FVTPL	981	266
Interest Income		
- on bank deposits	4	1
- on income tax refund	2	18
Exchange gain (net)	-	12
Other non Operating Income	9	16
Profit on sale of fixed assets	-	1
Total	**996**	**314**

20 Employee benefits expense

	Year ended 31 March 2019 Rs. Lakhs	Year ended 31 March 2018 Rs. Lakhs
Salaries, wages and bonus	150	537
Contributions to provident and other funds	18	33
Staff welfare expenses	11	29
Total	**179**	**599**

21 Depreciation and amortization expense

	Year ended 31 March 2019 Rs. Lakhs	Year ended 31 March 2018 Rs. Lakhs
Depreciation on tangible assets	429	424
Amortization on intangible assets	11	11
Total	**440**	**435**

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

22 Other expenses

	Year ended 31 March 2019 Rs. Lakhs	Year ended 31 March 2018 Rs. Lakhs
Consumption of stores and spares	2	377
Open access charges	-	39
Freight and Forwading expenses	-	136
Repairs and maintenance		
Plant and Machinery	17	157
Building		2
Rates And Taxes	40	46
Insurance	10	11
Travelling and conveyance	8	17
Directors sitting fees	2	8
Provision for doubtful debts	-	251
Payment to Auditors (Refer details below)	6	14
Security Service charges	41	59
Legal and professional fees	12	92
Capital Work-In Progress Written Off	-	43
CSR expenditure (Refer details below)	1	7
Miscellaneous expenses	11	145
Total	**150**	**1,404**

Payment to auditors (exclusive of GST)

	Year ended 31 March 2019 Rs. Lakhs	Year ended 31 March 2018 Rs. Lakhs
For Statutory Audit fee	5	11
Other services - certification fees	1	3
Total	6	14

Details of CSR expenditure

	Year ended 31 March 2019 Rs. Lakhs	Year ended 31 March 2018 Rs. Lakhs
(a) Gross amount required to be spent during the year	-	4
(b) Amount spent :		
(i) Construction/acquisition of any asset		
- in cash	-	-
- yet to be paid in cash	-	-
(ii) On purposes other than (i) above		
- in cash	1	7

23 Tax expenses

(a) Tax charge/(credit) recognised in profit or loss

	Year ended 31 March 2019 Rs. Lakhs	Year ended 31 March 2018 Rs. Lakhs
Current Tax	-	-
Deferred Tax	-	-
Income tax expense reported in the statement of profit or loss	-	-

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

(b) A reconciliation of income tax expense applicable to accounting profits before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

	Year ended 31 March 2019 Rs. Lakhs	Year ended 31 March 2018 Rs. Lakhs
Accounting profit before tax	69	(2,122)
Statutory income tax rate	27.55%	34.61%
Tax at statutory income tax rate	19	(734)
Disallowable expenses	-	-
Utilisation of tax losses	(19)	-
Deferred tax assets not recognised in the absence of vitual certainity	-	734
Income tax charge for the year	-	-

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

(c) Deferred tax assets/liabilities

Deferred tax relates to the following:

For the year ended 31 March 2019 — Rs. Lakhs

Significant components of Deferred tax (assets) & liabilities	Opening balance as at April1, 2018	Charged / (credited) to statement of profit or loss	Closing balance as at March 31,2019
Property, plant and equipment	1,729	(255)	1,474
Timing difference of disallowance made u/s 43B	(4)	4	-
Impairment loss recognized on trade receivable	(211)	45	(166)
Effect of measuring investments at fair value through profit and loss	5	86	91
Unabsorbed depreciation/business loss	(1,519)	120	(1,399)
Net Deferred Tax (assets)/liabilities	-	-	-

For the year ended 31 March 2018 — Rs. Lakhs

Significant components of Deferred tax (assets) & liabilities	Opening balance as at April1, 2017	Charged / (credited) to statement of profit or loss	Closing balance as at March 31,2018
Property, plant and equipment	1,489	240	1,729
Timing difference of disallowance made u/s 43B	-	(4)	(4)
Impairment loss recognized on trade receivable	(122)	(89)	(211)
Effect of measuring investments at fair value through profit and loss	-	5	5
Unabsorbed depreciation/business loss	(1,367)	(152)	(1,519)
Net Deferred Tax (assets)/liabilities	-	-	-

Deferred tax assets on carry forward unused tax losses have been recognised to the extent of deferred tax liabilities on taxable temporary differences available in the absence of reasonable certainty of future taxable profits against which the carry forward unused tax losses can be utilised.

Unused tax losses for which no deferred tax asset is recognized amount to Rs. 53593 Lakhs, Rs. 68135 Lakhs as at March 31, 2019, March 31, 2018 respectively. The unused tax losses expire as detailed below:

Year ended	Nature of unrecognised deferred tax assets	Within One Year	Greater than one year, less than eight years	No Expiry Date	Total
March 31, 2019	Unabsorbed Depreciation	-	-	53,969	53,969
March 31, 2018	Unabsorbed Depreciation	-	-	68,135	68,135

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

24 Financial Instruments

A. Financial Instruments by Category

The accounting classification of each category of financial instruments, their carrying value and fair value are as follows:

Rs. Lakhs

As at 31 March 2019	Carrying amount				
	FVTPL$	FVTOCI$$	Amortised Cost	Total carrying value	Total fair Value
Financial assets*					
Cash and cash equivalents	-	-	57	57	57
Investments-Current	14,254	-	-	14,254	14,254
Trade receivables	-	-	2,306	2,306	2,306
Other financial asset-non-current	-	-	73	73	73
Total	14,254	-	2,436	16,690	16,690
Financial liabilities					
Trade payables	-	-	90	90	90
Other financial liabilities- current	-	-	175	175	175
Total	-	-	265	265	265

As at 31 March 2018	Carrying amount				
	FVTPL$	FVTOCI$$	Amortised Cost	Total carrying value	Total fair value
Financial assets*					
Cash and cash equivalents	-	-	48	48	48
Current investments	10,070	-	-	10,070	10,070
Trade receivables	-	-	6,538	6,538	6,538
Other financial asset-non-current	-	-	86	86	86
Total	10,070	-	6,672	16,742	16,742
Financial liabilities					
Trade payables	-	-	101	101	101
Other financial liabilities-current	-	-	636	636	636
Total	-	-	737	737	737

$ - Fair value through profit and loss
$$ - Fair value through other comprehensive income
* Other than investment in subsidiary accounted for in accordance with Ind AS 27 - 'Separate Financial Statements'

The mangement assessed that cash and cash equivalents, trade receivables, other financial assets, trade payable and other financial liabilities approximate their carrying amounts largely due to short term maturities of these instruments

B. Fair value hierarchy

The company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

Level 1: Fair value measurement are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)
There were no transfers between Level 1 and Level 2 during the year. No financial assets/ liabilities that are measured at fair value were Level 2 and Level 3 fair value measured.

Rs. Lakhs

As at 31 March 2019	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets*				
Investments-Current	14,254	-	-	14,254
Total	14,254	-	-	14,254

Rs. Lakhs

As at 31 March 2018	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets*				
Investments-Current	10,070	-	-	10,070
Total	10,070	-	-	10,070

* Other than investment in subsidiary accounted for in accordance with Ind AS 27 - 'Separate Financial Statements'

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C. Financial risk management

The Company's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty credit risk. The company does not engage in speculative treasury activity but seeks to manage risk and optimize interest and foreign currency through proven financial instruments.

(a) Liquidity

The company requires funds for short-term operational needs. The Company has sufficient cash and cash equivalents and short-term investments that provide liquidity. The table below summaries the maturity profile of the company's financial liabilities based on contractual undiscounted cash obligations.

As at 31 March 2019 Rs. Lakhs

Financial liabilities	<1 year	1-2 Years	2-5 Years	> 5 Years	Total
Trade payables	90	-	-	-	90
Other financial liabilities - Current	175	-	-	-	175
Total	265	-	-	-	265

As at 31 March 2018 Rs. Lakhs

Financial liabilities	<1 year	1-2 Years	2-5 Years	> 5 Years	Total
Trade payables	101	-	-	-	101
Other financial liabilities - Current	636	-	-	-	636
Total	737	-	-	-	737

(b) Interest rate risk

The company is exposed to interest rate risk on financial assets and liabilities. Floating rate financial assets are mutual fund investments which have debt securities as underlying assets. The return from the financial assets are linked to market interest rate movement; However the counterparty invests in the agreed securities with known maturity tenure and return and hence has managable risk.

The exposure of company's financial assets and financial liabilities to interest rate risk as follows:

As at 31 March 2019 Rs. Lakhs

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non Interest Bearing Financial Assets	Total Financial Assets
Other Financial Assets - Non current	-	47	26	73
Total Financial Assets - Non Current	-	47	26	73
Investments*	14,254	-	-	14,254
Trade Receivables	-	-	2,306	2,306
Cash and Cash Equivalents	-	-	57	57
Other Financial Assets - Current	-	-	-	-
Total Financial Assets - Current	14,254	-	2,363	16,617

Rs. Lakhs

	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non Interest Bearing Financial Liabilities	Total Financial Liabilities
Trade Payables	-	-	90	90
Other Financial Liabilities - Current	-	-	175	175
Total Financial Liabilities - Current	-	-	265	265

As at 31 March 2018 Rs. Lakhs

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non Interest Bearing Financial Assets	Total Financial Assets
Other Financial Assets - Non current	-	61	25	86
Total Financial Assets - Non Current	-	61	25	86
Current Investments*	10,070	-	-	10,070
Trade Receivables	-	-	6,538	6,538
Cash and Cash Equivalents	-	-	48	48
Total Financial Assets - Current	10,070	-	6,586	16,656

*Other than investment in subsidiary company

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Rs. Lakhs

	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non Interest Bearing Financial Liabilities	Total Financial Liabilities
Trade Payables	-	-	101	101
Other Financial Liabilities	-	-	636	636
Total Financial Liabilities - Current	-	-	737	737

The table below illustrates the impact of a 0.5% to 2.0% increase in interest rates on interest on financial assets assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

Rs. Lakhs

Increase in Interest rates	Effect on pre-tax profit/(loss) during the year ended Mar 31 2019	Effect on pre-tax profit/(loss) during the year ended Mar 31 2018
0.50%	71	50
1.00%	143	101
2.00%	285	201

(c) Counterparty credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The company is exposed to credit risk from trade receivables, cash and cash equivalents, liquid investments and other financial instruments. For current investments, counter party limits are in place to limit the amount of credit exposure to any one counter party. This, therefore, results in diversification of credit risk for company's mutual fund. For derivatives and financial instruments, the company attempts to limit the credit risk by only dealing with reputable banks and financial institutions.

None of the company's cash or cash equivalents are past due or impaired. Regarding trade receivables, loans and other financial assets(both current and non current), there were no indications as at March 31, 2019 that defaults in payment obligation will occur except as described in Note 9 for impairment of trade receivables.

Of the year end trade receivables and other financial assets balances, the following, though overdue, are not considered impaired as at 31 March 2019, 31 March 2018;

	As at 31 March 2019	As at 31 March 2018
Not past Due		-
Due Less than 1 month	-	-
Due Between 1-3 months	-	34
Due Between 3-12 months	-	288
More than 12 months	2,379	6,302
Total	2,379	6,624

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(d) Foreign currency risk
The company is exposed to the risk of changes in foreign exchange rates, primarily to the company's operating activities (purchase of raw materials in foreign currency). Exposure on foreign currency is managed through the foreign exchange hedging policy, which is reviewed periodically to ensure that the result from fluctuating currency exchange rates are appropriately managed.

The carrying amount of the company's financial assets and liabilities in different currencies are as follows:

	As at 31 March 2019		As at 31 March 2018	
	Financial Assets*	Financial Liabilities	Financial Assets*	Financial Liabilities
USD	-	-	-	-
INR	16,690	265	16,742	737
Total	16,690	265	16,742	737

*Other than investment in subsidiary company

D. Derivative financial instruments
The company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates. The fair value of all derivatives is separately recorded on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives), current and non-current. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.
As at 31st March 2019 and 31st March 2018, there are no outstanding derivatives positions.

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

25 Capital Management

The Company's objectives when managing capital is to safeguard continuity and maintain a healthy capital ratios in order to support its business and provide adequate return to shareholders through continuous growth. The Company sets the amount of capital required on the basis of annual business. The funding requirements are met through a mixture of equity, internal accruals.

The Company monitors capital using gearing ratio; being the ratio of net debt as a percentage of total capital employed. The Company is not subject to any externally imposed capital requirements.

Net debt are long term and short term debts as reduced by cash and cash equivalents, other bank balances and short term investments. Equity comprises all components including other comprehensive income.

The following table summarizes the capital of the Company:

Rs. Lakhs

Particulars	31 March 2019	31 March 2018
Cash and cash equivalents	57	48
Short term investments	14,254	10,070
Total cash (a)	14,311	10,118
Short-term borrowings	-	-
Long-term borrowings	-	-
Total debt (b)	-	-
Equity	46,083	45,986
Net debt (c= b-a)	-	-
Total capital (equity + net debt)	46,083	45,986
Gearing Ratio	-	-

26 Contingent liabilities and Commitments

(a) Contingent Liabilities

Rs. Lakhs

(I) Claims not acknowledged by the company	31 March 2019	31 March 2018
(i) Electricity tax on self generated power (Refer Note 1 below)	9351	9351
(ii) Electricity duty, tax and additional duty on the surplus power wheeled (Refer Note 2 below)	876	876
(iii) Electricity tax on sale of electricity to TNEB (Refer Note 3 below)	2880	2880
(iv) Remitting the excess claim for the period from Oct,2014 to May, 2015 for the excess units (Refer Note 4 below)	858	858
(v) Water charges	1109	980
(vi) Railway Land License fees Demand	271	271
(vii) Customs duty	875	717
	16220	15933

Note :

1 In an earlier year, Tamil Nadu Electricity Board ('TNEB') issued a demand of Rs. 93.51 crore towards electricity tax on consumption of self-generated power for the period May 1999 to June 2003. The Company had filed a writ petition in Honorable High Court of Madras stating that the Industry in which the Company operates should also be considered, being power intensive industry, for exemption from payment of electricity tax as other power intensive industries were considered for exemption and a stay was granted by Honorable High Court in this matter in April 2013. Pending disposal of said writ petition and based on the advice of external counsel, the Company believes that it has good grounds for a successful appeal.

2 TNEB has also demanded Rs 8.76 Crores towards electricity duty, tax and additional duty on the surplus power wheeled to an associate company (now holding Company), which is being contested by the company.
The Company's representation to the Tamil Nadu Government that no duty, tax or additional duty is leviable as the Company is not a licencee has been denied. Aggrieved by the same, the Company filed a writ petition and a stay has been obtained from Honorable High Court, Madras. Pending disposal of said writ petition and based on the advice of external counsel, the Company believes that it has good grounds for a successful appeal.

3 The office of Electrical Inspectorate, Salem, Government of Tamil Nadu, raised a demand towards electricity tax of Rs. 28.80 crores on sale of electricity to TNEB through Power Trading Corporation ('PTC') during June 2009 and May 2011 on the ground that the company has sold the power to PTC and not to TNEB. The company had filed an writ petition in the Honorable High Court of Madras and stay was granted in this matter. Pending disposal of said writ petition and based on the advice of external counsel, the Company believes that it has good grounds for a successful appeal.

4 The company has received a demand from Tamilnadu Generation and Distribution Corporation Limited ('TANGDECO') for Rs. 8.58 crores towards excess amount paid by it in respect of electricity units supplied by the company in excess of the requirements of TANGDECO. The company has filed an writ petition before Honorable High Court of Madras and stay was granted in this matter. Pending disposal of said writ petition and based on the advice of external counsel, the Company believes that it has good grounds for a successful appeal.

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(II) Bank Guarantees

	Rs. Lakhs	
	31 March 2019	31 March 2018
Bank Guarantees	75	75
	75	75

(b) Commitments
Estimated amounts of contracts net of advances, remaining to be executed on capital account and not provided for is Rs.Nil (31 March 2018: Rs. Nil).

27 **Related party disclosures**

(a) Details of Related parties

Description of Relationship	Name of the Related Parties
(I) where control exists	
Holding Company	Vedanta Limited
Intermediate Holding Company	Volcan Investments Limited Vedanta Resources Holdings Limited
Ultimate Holding Company	Vedanta Resources Plc
Subsidiary Company	Fujairah Gold FZC
(II) Other related parties	
Key Management Personnel	Mr. P Ramnath- Director Mr. C Murugeswaran - Director Ms. A Sumathi - Director Mr. Kamal Jain - Chief Financial Officer (Upto July 25, 2018) Mr. Arun Lalchand Todarwal - Independent Director (Upto July 25, 2018) Mr. A R Narayanaswamy - Independent Director (Upto July 25, 2018)

(b) Transactions with related parties during the year

Rs. Lakhs

Particulars	31 March 2019	31 March 2018
Vedanta Limited		
Sale of Fuel Stock	-	1,700
Reimbursement of expenses	45	241
Recovery of expenses	10	33
Interest on Loan	-	0*
Issue of Compulsory Convertible Debentures	-	1,704
Loan taken during the year	-	1,791
Loan repaid during the year	-	1,791

(c) Transactions with Key Managerial Personnel during the year

Rs. Lakhs

Particulars	31 March 2019	31 March 2018
Remuneration	40	197
Director Sitting Fee	2	8

* Represents amounts less than Rs. 100,000

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(d) Outstanding balances at period end

Particulars	31 March 2019	31 March 2018
		Rs. Lakhs
Vedanta Limited		
Other financial liabilities - current	48	498
Trade Receivables	-	35
Other Receivables	-	-

28 Employee Benefit

i. Defined Contribution Plan

The Company contributed a total of Rs. 7 Lakhs for the year ended March 31, 2019 and Rs. 26 Lakhs for the year ended March 31, 2018 to the following defined contribution plans:

a. Provident Fund

In accordance with The Employees Provident Funds Act, 1952 employees are entitled to receive benefits under the provident fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2018 and 2017) of an employee's salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred.

b. Superannuation

Superannuation, another pension scheme applicable in India, is applicable only to senior executives. The Company holds a policy with Life Insurance Corporation of India ("LIC"), to which it contributes a fixed amount relating to superannuation and the pension annuity is met by LIC as required, taking into consideration the contributions made. The Company has no further obligations under the scheme beyond its monthly contributions which are charged to the Statement of Profit and Loss in the period they are incurred.

ii. Defined Benefit Plan

The company has defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years of more services are eligible for gratuity. The level of benefit provided depends on the member's length of service and salary at retirement date. The Plan is funded with Life Insurance Corporation of India (LIC) in the form of a qualifying insurance policy.

The following tables summaries the component of net benefit expenses recognised in the Statement of Profit and Loss, other comprehensive income, the funded status and the amount recognised in the balance sheet for the gratuity plan:

Changes in the defined benefit obligation and fair value of plan assets:

	Defined benefit obligations	Fair value of plan assets	Funded Status
At 31 March 2017	(61)	78	17
Current Service Cost	(6)	-	(6)
Net interest expense	(5)	6	1
Included in Statement of Profit and Loss	(11)	6	(5)
Return on plan assets (excluding amounts included in net interest expense)	-	0*	0*
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	0*	-	0*
Experience adjustments	(25)	-	(25)
Included in OCI	(25)	0.00*	(25)
Benefits paid	22	(22)	-
Contribution by employer	-	0*	0*
At 31 March 2018	(75)	62	(13)
Current Service Cost	(2)	-	(2)
Net interest expense	(6)	5	(1)
Included in Statement of Profit and Loss	(8)	5	(3)
Return on plan assets (excluding amounts included in net interest expense)	-	5	5
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	0*	-	0*
Experience adjustments	24	-	24
Included in OCI	24	5	29
Benefits paid	22	(22)	-
Contribution by employer	-	0*	0*
At 31 March 2019	(37)	50	13

The principal assumptions used in determining gratuity obligation for the company plans are shown below:

	31 March 2019	31 March 2018
Discount Rate	7.80%	7.70%
Future Salary increase	5.50%	5.50%
Withdrawal Rate		
Ages: Up to 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
above 44 years	1.00%	1.00%
Retirement age	58	58
Mortality Rate	IALM (2006 - 08)	IALM (2006 - 08)

A quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions	31 March 2019	31 March 2018
		Rs. Lakhs
Sensitivity Level		
0.5% Increase in Discount Rate	(2)	(3)
0.5% Decrease in Discount Rate	2	3
0.5% Increase in Future Salary Increase	2	3
0.5% Decrease in Future Salary Increase	(2)	(3)

The average duration of the defined benefit obligation is 13.11 years and 12.16 years as on March 31, 2019 and March 31, 2018 respectively.

* Represents amounts less than Rs.1,00,000

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29 Earnings per share

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31March 2019 Rs. Lakhs	31 March 2018 Rs. Lakhs
Profit / (Loss) attributable to the equity shareholders for Basic EPS	69	(2,122)
Add: Adjustment for Diluted Instrument	-	-
Profit / (Loss) attributable to equity holders adjusted for Diluted EPS	69	(2,122)
Weighted average number of Equity Shares for basic EPS	2,33,66,406	2,33,66,406
Effect of Dilution of Convertible debentures	13,12,96,277	13,12,96,277
Weighted average number of Equity shares adjusted for the effect of dilution	15,46,62,683	15,46,62,683
Earning per share - Basic (Rs.)	0.30	(9.08)
Earning per share - Dilutive (Rs.)	0.04	(9.08)

30 Segment Information

The company primarily engaged in the business of generation and sale of electricity in India. As per the company's chief operating decision maker ("CODM"), the risks and returns from its sales do not materially vary geographically. Accordingly, there are no other reportable segments as required to be reported under Ind AS 108 - 'Operating Segments'.

A. Revenue from major products

Particulars	31 March 2019	31 March 2018
		Rs. Lakhs
Power	-	412
Coal	-	1,697
Others	-	50
	-	2,159

During the current year, the company has not generated revenue from operations. During the year 31st March, 2018, revenue from two customers accounted for Rs.21.31 crores.

B. Information about geographical areas

(i) Revenue from external customers

	31 March 2019	31 March 2018
		Rs. Lakhs
India	-	2,159
Outside India	-	-
	-	2,159

(ii) Non-Current Operating Assets

The following is an analysis of the carrying amount of non-current assets, which do not include income tax assets and financial assets analysed by the geographical area in which the assets are located:

	31 March 2019	31 March 2018
		Rs. Lakhs
India	11,531	11,823
Outside India	-	-
	11,531	11,823

31 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March 2019 Rs. Lakhs	As at 31 March 2018 Rs. Lakhs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1	4
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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32 During the financial year 2015-16, the Company had invested Rs. 6,011.17 crore (USD 900 million) in Fujairah Gold FZC, Dubai ('Fujairah'), by way of subscribing to the 31,906,700 equity share capital of Fujairah. Accordingly, Fujairah became subsidiary of the Company with a holding of 97.96%.

Fujairah had in turn advanced loans of USD 900 million to Twinstar Mauritius Holdings Limited (TSMHL), a fellow subsidiary of the Company. TSMHL held investment in Cairn India Limited ('Cairn India').

In addition, during the financial year 2016-17, the Company acquired balance stake of 2.04% from the existing shareholders of Fujairah at a consideration of Rs.125.42 crores (USD 18.69 million) making Fujairah as its wholly owned subsidiary with total investment in Fujairah being Rs 6136.60 crore (USD 918.69 million).

During the financial year 2016-17, the merger of Cairn India into the Company's parent company, Vedanta Limited, was completed and was implemented in the month of April 2017 by allotment of shares of Vedanta to the shareholders of Cairn India. As per the terms of the Scheme of merger, Vedanta and its subsidiaries (including TSMHL) did not receive any consideration in lieu of their holding in Cairn India which stood extinguished upon the merger being implemented.

Consequentially, Fujairah recognised a provision for impairment against the loan it had extended to TSMHL. Accordingly, the net book value of Fujairah was significantly eroded and hence the same was assessed for impairment provision based on value in use approach, a level-3 valuation technique in the fair value hierarchy.

The Company has performed the impairment assessment and determined the fair value based on estimated cash flow projections over the life of the Investment. Projected cash flows include cash flow projections approved by management covering 5 year period and the cash flows beyond that has been projected based on the long term forecast.

As a result of this analysis, management has recognized an impairment charge of Rs.5,904 crores (USD 882.89 million) against the carrying value of equity investments in Fujairah. Since Vedanta Limited, the Company's parent company, has received all the assets of Cairn India pursuant to the Scheme of merger, in accordance with Ind AS, the impairment provision in the value of investment of Rs.5,904.48 crores (USD 882.89 million) had been recognised directly in the statement of changes in equity. Further, on assessment of impairment for the current year, no additional charge or reversal of impairment was identified.

Key assumptions used for fair value calculation include commodity prices and discount rates. Commodity prices used in the projections are benchmarked with external source of information, to ensure they are within the range of available analyst forecast. Discount rate represents the cost of capital risk-adjusted for the risk specific to the Investment. Discount rate used in the calculation of value in use of investment is 13.45% (31 March 2018: 11.81%).

33 The plant of the company has been put under care and maintenance w.e.f. May 26, 2017 due to prevailing business conditions.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E/E300003

per Vikram Mehta
Partner
Membership No. - 105938

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

Place : Mumbai
Date : 25 APR 2019

For and on behalf of Board of Directors

P Ramnath
Director
DIN 03625336

C Murugeswaran
Director
DIN 05195128

Place : New Delhi
Date : 25 APR 2019

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