

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALCO ENERGY LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **MALCO ENERGY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



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- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24.1 (a) and (b)(i) to the 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

  
K.A. Katki  
Partner

(Membership No. 038568)

MUMBAI, April 18, 2016

**ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of MALCO ENERGY LIMITED (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

  
K.A. Katki

Partner

(Membership No. 038568)

MUMBAI, April 18, 2016

**ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of all fixed assets in a three year period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such programme, the fixed assets were not due for verification and accordingly not verified by the Management during the year. Consequently the question of material discrepancies noticed on such verification does not arise.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building. The Company's Plant and Equipment located at Mettur, Tamil Nadu, is embedded to the land which is owned by Vedanta Limited – the Holding Company. However, by virtue of Scheme of Arrangement which was given effect to in an earlier year as stated in Note 1, the Company has acquired the rights to use over the land appurtenant to the Plant and Equipment. The Company does not have any title over the said land.
- (ii) As explained to us, the inventories (excluding inventory lying with third party) were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of inventory lying with the third party, these have been confirmed by them.
- (iii) 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 Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of making investments. The Company has not granted any loans, or provided guarantees.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There were no unclaimed deposits as at the year end.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Customs Duty and Cess which have not been deposited as on March 31, 2016 on account of disputes are given below:

<b>Name of the Statute</b>	<b>Period to which the amount relates</b>	<b>Nature of the Dues</b>	<b>Amount involved (Rs. in crores)</b>	<b>Forum where Dispute is pending</b>
Tamil Nadu Electricity (Tax on Consumption) Act, 1962	May 1999 to June 2003	Electricity Generation Tax	102.27	Madras High Court
Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003	June 2003 to March 2010	Electricity Self Consumption Tax	67.74	Madras High Court
Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003	F.Y. 2003-04 to 2008-09	Electricity Self Consumption Tax	2.37	Madras High Court
Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003	June 2009 to May 2011	Tax on Sale of Electricity to TNEB	28.81	Madras High Court
Custom Act, 1962	March 2012 to January 2013	Custom duty	22.85	Custom Excise and Service Tax Appellate Tribunal

There were no dues in respect of Income-tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2016 on accounts of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not obtained any loans or borrowings from financial institutions and government.



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- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards
- (xiv) According to the information and explanations given to us, the Company has made private placement fully convertible debentures during the year under review.  
  
In respect of the above issue, we further report that:
  - a. the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
  - b. the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of the holding or subsidiary company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

  
K.A. Katki

Partner

(Membership No. 038568)

MUMBAI, April 18, 2016



**MALCO Energy Limited**  
**Balance Sheet as at 31st March 2016**

(Rs in Crore)

Particulars		Note No.	As at March 31, 2016	As at March 31, 2015
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	3	4.67	4.67
	(b) Reserves and surplus	4	232.05	195.21
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	6,011.23	-
	(b) Other long-term liabilities	6	54.95	55.23
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	7	18.82	-
	(b) Trade payables	8		
	(i) Total outstanding dues of Micro enterprises and Small Enterprises		0.04	0.06
	(ii) Total outstanding dues of Creditors other than Micro enterprises and Small enterprises		19.03	25.10
	(c) Other current liabilities	9	31.69	135.94
	<b>TOTAL</b>		<b>6,372.48</b>	<b>416.21</b>
<b>II.</b>	<b>ASSETS</b>			
	<b>Non-current assets</b>			
<b>1</b>	(a) Fixed assets	10		
	(i) Tangible assets		109.98	112.97
	(ii) Capital work-in-progress		0.79	0.13
	(b) Non-current investments	11	6,011.18	-
	(c) Deferred tax assets (net)	25	-	-
	(d) Long-term loans and advances	12	15.85	15.69
<b>2</b>	<b>Current assets</b>			
	(a) Current investments	13	25.60	12.84
	(b) Inventories	14	14.43	33.03
	(c) Trade receivables	15	190.44	234.13
	(d) Cash and cash equivalents	16	0.07	0.04
	(e) Short-term loans and advances	17	4.01	7.05
	(f) Other current assets	18	0.13	0.33
	<b>TOTAL</b>		<b>6,372.48</b>	<b>416.21</b>

The accompanying notes are forming part of the financial statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

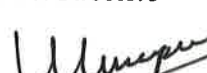


K.A. Katki  
Partner  
Mumbai, April 18, 2016

For and on behalf of the Board of Directors

  
P Ramnath  
Director

  
Kamal Jain  
Chief Financial Officer

  
C Murugeswaran  
Whole Time Director

  
Prerna Halwasiya  
Company Secretary

Place: Mumbai  
Date : April 18, 2016

**MALCO Energy Limited**  
**Statement of Profit and Loss for the year ended March 31, 2016**

(Rs In crore)

Particulars		Note No	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
I.	Revenue from operations (Gross)	19	281.38	543.68
	Less: Excise Duty (* Less than Rs.0.01 crore)		-	0.07
	Revenue from operations (Net)		281.38	543.61
II.	Other income	20	2.50	9.53
III.	<b>Total Revenue</b>		<b>283.88</b>	<b>553.14</b>
IV.	<b>Expenses:</b>			
	Purchases of stock-in-trade (traded goods)		31.51	42.58
	Cost of power and fuel		144.93	315.38
	Employee benefits/expenses	21	9.11	8.67
	Finance costs	22	34.94	1.56
	Foreclosure cost (Refer Note.3(v))		-	200.00
	Depreciation and amortization expense	10	4.52	3.65
	Other expenses	23	22.03	25.87
	<b>Total expenses</b>		<b>247.04</b>	<b>597.71</b>
V.	<b>Profit / (Loss) before tax</b>		<b>36.84</b>	<b>(44.57)</b>
VI.	Tax expense / (benefit):			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
VII.	<b>Profit / (Loss) for the year</b>		<b>36.84</b>	<b>(44.57)</b>
VIII.	Earnings per equity share of Rs.2 each	27.2		
	Basic (Rs.)		15.77	(20.85)
	Diluted (Rs.)		9.92	(20.85)

The accompanying notes are forming part of the financial statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

  
K.A. Katki

Partner  
Mumbai, April 18, 2016

For and on behalf of the Board of Directors

  
P Ramnath  
Director  
  
Kamal Jain  
Chief Financial Officer

  
C Murugeswaran  
Whole Time Director  
  
Prerna Halwasia  
Company Secretary

Place: Mumbai  
Date : April 18, 2016

MALCO Energy Limited  
Cash Flow Statement for the year ended March 31, 2016

(Rs. In Crore)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
<b>A: Cash flow from operating activities</b>				
Net Profit / (Loss) before tax		36.84		(44.57)
<i>Adjustments for:</i>				
Depreciation and amortisation expense	4.52		3.65	
Loss on sale / write off of fixed assets	0.01		-	
Net gain on sale of investments	(2.22)		(3.30)	
Provision for doubtful trade and other receivables, loans and advances	1.06		-	
Finance cost	34.94		1.56	
Interest and Other Income	(0.28)		(6.17)	
Foreclosure cost (Refer Note.3(v))	-		200.00	
		38.03		195.68
Operating profit / (loss) before working capital changes		74.87		151.11
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	18.60		5.85	
Trade receivables	42.62		(123.57)	
Short-term loans and advances	3.04		(3.93)	
Long-term loans and advances	(0.16)		1.02	
Other current assets	0.20		1.64	
<i>Adjustments for Increase / (decrease) in operating liabilities:</i>				
Trade payables	(6.08)		16.38	
Other current liabilities	(2.49)		(1.80)	
Other long-term liabilities	(0.26)		(7.11)	
		55.45		(112.54)
<b>Net cash flow from operating activities (A)</b>		130.32		38.57
<b>B: Cash flow from Investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(2.19)		(0.68)	
Proceeds from sale of fixed assets	-		2.09	
Current investments not considered as Cash and cash equivalents				
- Purchased	(650.75)		(671.03)	
- Proceeds from sale	640.18		695.42	
Purchase of long-term investments				
- Subsidiaries	(6,011.18)		-	
Interest received	0.28		6.17	
Received from Holding company pursuant to slump sale of VAL power business in terms of 'Scheme'	-		2,592.94	
		(6,023.65)		2,924.91
<b>Net cash flow (used in) / from Investing activities (B)</b>		(6,023.65)		2,924.91
<b>C: Cash flow from financing activities</b>				
Proceeds from issue of equity share capital	-		100.00	
Redemption of Preference share capital (Including security premium of Rs.2,900 Crores) (Refer Note.3(v))	-		(3,000.00)	
Proceeds from issue of long term borrowings - Compulsory Convertible Debentures	6,011.23		-	
Proceeds from short-term borrowings	18.82		-	
Finance cost	(1.60)		(1.56)	
Payment of Foreclosure cost	(135.00)		(65.00)	
		5,893.36		(2,066.56)
<b>Net cash flow from / (used in) financing activities (C)</b>		5,893.36		(2,066.56)
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		0.03		(3.08)
Cash and cash equivalents at the beginning of the year		0.04		3.12
<b>Cash and cash equivalents at the end of the year</b>		0.07		0.04

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Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
<b>Cash and cash equivalents at the end of the year *</b>				
* Comprises:				
(a) Balances with banks		0.07		0.04
(i) In current accounts		0.07		0.04
<b>Notes:</b>				
(I) The above cash flow has been prepared under the " Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statements.				
(II) During the previous year, the Company pursuant to Company Scheme approved by the Hon'ble High Court of Madras completed capital reduction. In accordance with the company scheme share capital of Rs.166.66 crore was adjusted. Being a non cash item this amount is not reflected in the cash flow statement.(Refer Note 3 (b) (III) ).				

The accompanying notes are forming part of the financial statements.

In terms of our report attached

For Deloitte Haskins & Sells, LLP  
Chartered Accountants

  
K.A. Katki

Partner  
Mumbai, April 18, 2016

For and on behalf of the Board of Directors

  
P Ramnath  
Director

  
C Murugeswaran  
Whole Time Director

  
Kamal Jain  
Chief Financial Officer

  
Prerna Halwasiya  
Company Secretary

Place: Mumbai  
Date : April 18, 2016

## **1. Company Overview:**

Malco Energy Limited (the 'Company'), is engaged in the business of generation and supply of power.

Subsequent to the implementation by the Company of the Scheme of Amalgamation and Arrangement and Slump Sale (the 'Scheme'), inter-alia, between Sterlite Industries India Limited ('SIIL'), The Madras Aluminium Company Limited ('MALCO'), Sterlite Energy Limited ('SEL'), Vedanta Aluminium Limited ('VAL'), and Sesa Goa Limited (subsequently renamed as Sesa Sterlite Limited, ('SSL')) which was effected in the year 2013-14, the aluminium business undertaking of the Company was demerged into SSL. Further, the power business undertaking of the erstwhile MALCO consisting of the 106.5MW coal based power plants at Mettur Dam, was hived off to the Company and the captive power plants of the erstwhile VAL were sold to SSL on a slump sale basis.

Subsequent to the above, the name of the Company was changed from Vedanta Aluminium Limited to Malco Energy Limited with effect from October 24, 2013.

Consequent to the above, the Company is engaged in the business of power generation through thermal energy and operates 106.50 MW Coal Based Power Plants at Mettur Dam, District Salem, Tamil Nadu. The Company supplies electricity generated from such facilities to the State Electricity Board and other independent third party customers.

## **2. Significant Accounting Policies:**

### **(a) Basis of Accounting:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 ('the 2013 Act'), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### **(b) Use of Estimates:**

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the periods in which the results are known/materialize.

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**(c) Fixed Assets:**

Fixed assets are carried at cost of acquisition/construction (exclusive of available Central and State VAT credit) less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

The Company has adopted the provisions of para 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

**(d) Intangible Assets:**

Intangible assets other than goodwill are recognized if such assets are identifiable non-monetary assets, they represent resources controlled by the Company as a result of past events, such assets are held for use through which future economic benefits are expected to flow to the Company and their costs can be reasonably measured.

**(e) Capital work-in-progress:**

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**(f) Borrowing Cost:**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

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**(g) Depreciation:**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. In respect of Plant and Equipment, the life of the assets has been assessed at 40 years based on management's assessment of independent technical evaluation / advice, taking into account, inter-alia, the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support. The said life of Plant and Equipment is also in accordance with the life prescribed in Schedule II to the Companies Act, 2013.

Leasehold land is amortised over the operating period of the lease.

Intangible assets are amortised over their useful economic lives on a straight line basis not usually exceeding 10 years from the date when the asset is available for use.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

**(h) Impairment of Assets:**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.



**(i) Investments:**

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

**(j) Inventories:**

Inventories are valued at the lower of cost (weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

**(k) Revenue Recognition:**

Revenues from sale of power supply is recognized on the transfer of significant risks and rewards of ownership which generally concludes with generation & supply of power at the metering points and includes unbilled revenues accrued up to the end of reporting year. Excise duty is not applicable on power supply sales. Sales exclude sales tax and Value added tax, wherever applicable.

**(l) Other Income:**

Dividend income is recognized when the shareholders' right to receive dividend is established. Interest income is recognized on an accrual basis.

**(m) Foreign Currency Transactions:**

Initial Recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date:

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences – when para 46 / 46A of AS 11 is adopted:

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.







Exchange difference on long-term foreign currency monetary items: The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss except in case of exchange differences arising on net investment in non-integral foreign operations, where such amortisation is taken to "Foreign currency translation reserve" until disposal / recovery of the net investment. The unamortised exchange difference is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.

Accounting for forward contracts:

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

#### **(n) Employee Benefits:**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Short Term:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long Term:

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.



For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

**(o) Taxes on Income:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there is unabsorbed depreciation and carry forward of losses and items related to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

**(p) Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in the Notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent asset are neither recognized nor disclosed in the financial statements.

**(q) Derivative Financial Instruments:**

In order to hedge its exposure to foreign exchange, the Company enters into forward and other derivative financial instruments. The Company does not hold any derivative financial instruments for speculative purposes.

The premium and discount arising at inception of forward contracts is amortised as expense or income over the life of the contract.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. The hedged item is recorded at fair value and any gain or loss is recorded in the Statement of Profit and Loss and is offset by the gain or loss from the changes in fair valuation of hedging instrument.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recognized in equity in the hedging reserve account. The gain or loss relating to the ineffective portion is recognized in the Statement of Profit and Loss. Amounts accumulated in the equity are recycled to the Statement of Profit and Loss in the periods when the hedged item affects profit and loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognized directly in equity are removed and are included in the initial cost or other carrying amount of the asset or liability.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the Balance Sheet date and gains or losses are recognized in the Statement of Profit and Loss immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to the Statement of Profit and Loss.

**(r) Cash and cash equivalents (for purposes of Cash Flow Statement):**

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

**(s) Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



**(t) Earnings per share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**(u) Operating Cycle:**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**(v) Segment reporting:**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".





Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Rs. in crore	Number	Rs. in crore
<b>Authorised</b>				
Equity shares of Rs. 2 each (includes 5,000,000 Equity shares of Rs. 2 each on account of Merger of AFSPPL with the Company)	880,000,000	176.00	880,000,000	176.00
Preference shares of Rs. 1000 each	1,250,000	125.00	1,250,000	125.00
Issued, Subscribed and fully Paid up	23,366,406	4.67	23,366,406	4.67
Equity shares of Rs. 2 each, fully paid (Refer Note. 3(iv) & (v))				
<b>Total</b>	<b>23,366,406</b>	<b>4.67</b>	<b>23,366,406</b>	<b>4.67</b>

**1) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	Equity Shares	
	Number	Rs. in crore
Shares outstanding as on April 1, 2015	23,366,406	4.67
Add: Shares issued during the year	-	-
Less: Shares redeemed during the year	-	-
Shares outstanding as on March 31, 2016	23,366,406	4.67

As at March 31, 2016, the Company has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is eligible 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.

As at March 31, 2016, the Company did not have any preference shares outstanding.

As at March 31, 2016, the Company did not have any preference shares outstanding.

**b) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:**

(i) The ultimate holding company Vedanta Resources Plc, United Kingdom does not hold any equity shares in the Company. The entire share capital is held by Vedanta Limited formerly known as Sesa Sterlite Limited (the Holding Company) and its nominees (2015 - the entire Equity and Preference capital was held by the Holding Company and its nominees)

(ii) Of the above, 560,423,560 equity shares of Rs. 2 each, were allotted as fully paid up bonus shares by capitalization of Securities Premium on February 15, 2010. The same stands reduced and consolidated to 14,010,589 equity shares of Rs.2 each fully paid-up.

**ii) Details of shares held by each shareholder holding more than 5% shares:**

Equity Shares	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Vedanta Limited (Formerly known as Sesa Sterlite Limited)	23,366,406	100.00	23,366,406	100.00
<b>TOTAL</b>	<b>23,366,406</b>	<b>100.00</b>	<b>23,366,406</b>	<b>100.00</b>

(iii) During the previous year, pursuant to a Scheme (Company Scheme) as approved by the High Court, Madras by its order dated 25.03.2015 under Sec 100 to 103 of the Companies Act, 1956 and Sec.52 of the Companies Act, 2013, balances aggregating to Rs.1262.87 Crore in the Security Premium Account and Rs.60 Crore in Debenture Redemption Reserve Account had been utilised to set-off the opening balance of deficit in Statement of Profit & Loss.

Further the Company Scheme, inter alia, also provided for reduction in the subscribed and paid-up equity capital of the Company was reduced by Rs.166.66 Crore and such reduction was effected by reducing the face value of the equity shares of the Company from Rs.2/- per equity share to Rs.0.05/- per equity share and simultaneously with the reduction of share capital of the Company, 684,666,250 equity shares of the reduced face value of Rs.0.05/- each were then consolidated into 21,366,406 equity shares of Rs.2/- each fully paid-up. In terms of the Company Scheme, the Company is not required to add the words "And Reduced" as suffix to its name.

(iv) During the previous year, pursuant to approvals received in this respect from the members of the Company, 20,00,000 equity shares of Rs.2 each fully paid-up were issued to the Holding company - Vedanta Limited (Formerly known as Sesa Sterlite Limited) at a premium of Rs.498 per share, on 30th March 2015.

(v) During the previous year, pursuant to approvals of the members of the Company and the Preference share holders of the Company, the Company's 10,00,000 Redeemable Cumulative Preference shares having a face value of Rs.100 Crore issued at a premium of Rs.2,900 Crore on March 28, 2012, and redeemable on March 28, 2022 at a premium of Rs. 68,650 per Preference share, were fully redeemed by the Company on March 30, 2015 together with a foreclosure cost of Rs.200 Crore on account of early redemption.

MALCO Energy Limited  
Notes to Financial statements

Note 4 - Reserves and Surplus

(Rs In crore)		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>a. Securities Premium Account</b>		
Opening Balance	99.93	4,163.20
Add: Securities premium on Issue of Equity Shares (Refer Note.3(iv))	-	99.60
Less: Utilized pursuant to Company Scheme towards adjustment of opening deficit in statement of profit and loss, reduction of equity share capital - (Refer Note.3(ii))	-	(1,262.87)
Less: Utilized pursuant to Company Scheme towards adjustment of opening deficit in statement of profit and loss, redemption of preference share capital - (Refer Note.3(v))	-	(2,000.00)
<b>Closing Balance</b>	<b>99.93</b>	<b>99.93</b>
<b>b. Debenture Redemption Reserve</b>		
Opening Balance	139.85	199.85
Less: Utilized pursuant to Company Scheme towards adjustment of opening deficit in statement of profit and loss - (Refer Note.3(iii))	-	(60.00)
<b>Closing Balance</b>	<b>139.85</b>	<b>139.85</b>
<b>c. Surplus / (Deficit) In Statement of Profit and Loss</b>		
Opening Balance	(44.57)	(1,489.63)
Add: Profit / (Loss) for the year	36.84	(44.57)
Add: Adjustment pursuant to Company Scheme towards adjustment of opening deficit in statement of profit and loss from: (Refer Note.3(iii) & (v))	-	1,262.87
- Securities Premium account	-	60.00
- Debenture Redemption Reserve	-	166.66
- Equity Share Capital	-	(44.57)
<b>Closing Balance as at the year end</b>	<b>(7.73)</b>	<b>(44.57)</b>
<b>Total</b>	<b>232.05</b>	<b>195.21</b>

Note 5 - Long-term borrowings

(Rs In crore)		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured</b>		
<b>Debentures:</b>		
2% Compulsory Convertible Debentures (Refer Note below)	6,011.23	-
<b>Total</b>	<b>6,011.23</b>	<b>-</b>

Note: During the year, pursuant to approval of the Board of Directors and the Members, the Company issued 6,01,12,280 Unsecured Compulsory Convertible Debentures (CCDs) at an offer price of Rs. 1000 each (including Face Value Rs 100 each at a premium of Rs 900 each) carrying a coupon rate of interest @ 2% per annum on the entire value of such CCDs amounting to Rs.6,011.23 Crore to Vedanta Limited (the Holding Company). The CCDs are compulsorily convertible into equity shares of the Company at the end of 10 years from the date of issue of CCDs by the Company, or at such other dates as may be mutually agreed between the parties, at the fair value prevailing at the date of conversion. The Company has not defaulted in the repayment of Loans & Interest as at the Balance Sheet date.

Note 6 - Other long term liabilities

(Rs In crore)		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Others:</b>		
Payables on purchase of fixed assets	-	0.28
Provision for Tax on generation/consumption of Electricity	39.19	39.19
Provision for Custom duty	15.76	15.76
<b>Total</b>	<b>54.95</b>	<b>55.23</b>

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MAICO Energy Limited  
Notes to Financial statements

Note 7 - Short Term Borrowings

(Rs In crore)		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Secured</b>		
Buyers credit from banks (Secured against Stock and Trade receivables)	18.82	-
<b>Total</b>	<b>18.82</b>	<b>-</b>

Note: The Company has not defaulted in the repayment of Loans & interest as at the Balance Sheet date.

Note 8 - Trade Payables

(Rs In crore)		
Particulars	As at March 31, 2016	As at March 31, 2015
(a) Total outstanding dues of Micro enterprises and small enterprises (Refer Note No. 24.2)	0.04	0.06
(b) Total outstanding dues of Creditors other than Micro enterprises and Small enterprises		
(i) others	19.03	24.43
(ii) Dues to Related parties (Refer Note 26.1.b)	-	0.67
<b>Total</b>	<b>19.07</b>	<b>25.16</b>

Note 9 - Other Current Liabilities

(Rs In crore)		
Particulars	As at March 31, 2016	As at March 31, 2015
(a) Due to Related Parties (Refer Note 26.1.b)	29.87	135.00
(b) Deposits from Dealers and Agents	0.15	0.33
(c) Advance from Customer	-	0.04
(d) Other payables:		
(i) Financial Liabilities - Derivatives	0.39	-
(ii) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	1.28	0.57
<b>Total</b>	<b>31.69</b>	<b>135.94</b>

Note 11 - Non Current Investments

(Rs In crore)		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Trade Investments - Unquoted - at Cost</b>		
<b>Subsidiary:</b>		
32,906,700 Equity shares of Fujairah Gold FZC of AED 100 each. (Refer Note below)	6,011.18	-
<b>Total</b>	<b>6,011.18</b>	<b>-</b>
Aggregate Value of Unquoted Investments	6,011.18	-
Aggregate Value of Quoted Investments	-	-

Note: During the year, pursuant to approval of the Board of Directors and the Members, the Company subscribed to 32,906,700 equity shares of AED 100 each (equivalent to Rs.6011.18 Crore/ US\$900 Mn) in Fujairah Gold FZC, thereby making Fujairah Gold FZC a 97.96% subsidiary of the Company.

Note 12 - Long Term Loans and Advances

(Rs In Crore)		
Particulars	As at March 31, 2016	As at March 31, 2015
Other Loans and Advances - Unsecured		
Considered good	15.85	15.89
<b>Total</b>	<b>15.85</b>	<b>15.89</b>

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**MALCO Energy Limited**  
**Notes to Financial statements**

**Note 14 - Inventories**

(Rs in Crore)

Particulars	As at March 31, 2016	As at March 31, 2015
Fuel Stock	9.89	14.92
Goods-in transit	-	12.26
	<b>9.89</b>	<b>27.18</b>
Stores and spares	4.54	5.85
	<b>4.54</b>	<b>5.85</b>
<b>Total</b>	<b>14.43</b>	<b>33.03</b>

**Note 15 - Trade receivables**

(Rs in Crore)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade receivables outstanding for a period exceeding six months from the date they are due for payment - Unsecured		
Considered good	75.42	-
Considered doubtful	2.89	2.46
Less: Provision for doubtful Trade receivables	(2.89)	(2.46)
<b>Total</b>	<b>75.42</b>	<b>-</b>
Trade receivables outstanding for a period less than six months from the date they were due for payment - Unsecured		
Considered good	115.02	234.13
Considered doubtful	0.63	-
Less: Provision for doubtful Trade receivables	(0.63)	-
<b>Total</b>	<b>115.02</b>	<b>234.13</b>
<b>Total</b>	<b>190.44</b>	<b>234.13</b>

**Note 16 - Cash and cash equivalents**

(Rs in Crore)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Balances with banks:</b>		
In Current Accounts	0.07	0.04
<b>Total</b>	<b>0.07</b>	<b>0.04</b>

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**MALCO Energy Limited**  
**Notes to Financial statements**

**Note 17 - Short term loans and advances**

**( Rs In Crore)**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Others:</b>		
Balances with Excise, Customs, etc.	2.73	4.56
Advance to suppliers	0.08	1.11
Advance Income Tax and Tax Deducted at Source	0.40	0.37
Prepaid Expenses	0.32	0.41
Gratuity & Leave encashment Fund (LIC)	0.45	0.53
Employee Advances	0.02	0.07
Deposits - Others	0.01	-
<b>Total</b>	<b>4.01</b>	<b>7.05</b>

**Note 18 - Other Current Assets**

**( Rs In Crore)**

Other Current Assets	As at March 31, 2016	As at March 31, 2015
Unbilled revenue	0.13	0.33
<b>Total</b>	<b>0.13</b>	<b>0.33</b>

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*Full*

**MALCO Energy Limited**  
**Notes to Financial statements**

**Note 13 - Current Investments (at lower of Cost and Fair value)**

Particulars	As at March 31, 2016		As at March 31, 2015	
	Units	Rs. in Crore	Units	Rs. in Crore
<b>Investment in Mutual Funds (Unquoted)</b>				
Birla Sun Life Cash Plus - Reg - Growth	207,496.64	5.00	111,538.92	2.50
ICICI Prudential Liquid - Reg - Growth	225,028.40	5.00	64,809.22	1.34
UTI Liquid Fund - Cash Plan - IP - Growth	2,410.15	0.60	-	-
Reliance Liquid Fund - TP - Growth	13,668.36	5.00	-	-
Tata Liquid Fund - Plan A - Growth	-	-	11,370.74	2.50
Axis Liquid Fund - Growth	30,053.05	5.00	16,150.61	2.50
HDFC Liquid Fund - Growth	16,875.91	5.00	544,199.92	1.50
IDFC Cash Fund - Reg - Growth	-	-	14,724.27	2.50
		<b>25.60</b>		<b>12.84</b>

Aggregate Value of unquoted investments

25.60

12.84

Aggregate Value of quoted investments

-

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Note 10 - Fixed Assets

	(Rs in crore)										
	Fixed Assets			Gross Block			Accumulated Depreciation			Net Block	
	Balance as at April 1, 2015	Additions	Deductions /adjustments	Balance as at March 31, 2016	Balance as at April 1, 2015	Depreciation charge	Deductions /adjustments	Balance as at March 31, 2016	Balance as at March 31, 2015	Balance as at March 31, 2016	
<b>a</b>											
Tangible Assets											
Plant and Equipment	141.32	1.44	0.02	142.74	28.59	4.37	0.01	32.95	109.79	112.73	
	(142.77)	(0.64)	(2.09)	(141.32)	(28.14)	(3.45)	-	(28.59)	(112.73)	(117.63)	
Furniture and Fixtures	0.25	0.01	-	0.26	0.22	-	-	0.22	0.04	0.03	
	(0.25)	-	-	(0.25)	(0.21)	(0.01)	-	(0.22)	(0.03)	(0.06)	
Vehicles	0.10	-	-	0.10	0.06	0.04	-	0.10	0.04	0.04	
	(0.10)	-	-	(0.10)	(0.06)	-	-	(0.06)	(0.04)	(0.04)	
Office equipment	0.80	0.09	-	0.89	0.63	0.11	-	0.74	0.15	0.17	
	(0.80)	-	-	(0.80)	(0.44)	(0.19)	-	(0.63)	(0.17)	(0.34)	
<b>Total</b>	<b>142.47</b>	<b>1.54</b>	<b>0.02</b>	<b>143.99</b>	<b>28.50</b>	<b>4.52</b>	<b>0.01</b>	<b>34.01</b>	<b>109.88</b>	<b>112.97</b>	
Previous year	143.92	0.84	2.09	142.47	25.85	3.65	-	29.50	112.97	118.07	
<b>b</b>											
Capital Work In Progress	-	-	-	-	-	-	-	-	0.79	0.13	
<b>Total</b>	<b>142.47</b>	<b>1.54</b>	<b>0.02</b>	<b>143.99</b>	<b>29.50</b>	<b>4.52</b>	<b>0.01</b>	<b>34.01</b>	<b>110.77</b>	<b>113.10</b>	

Note:  
Previous year figures are shown in brackets.

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*Full*

**MALCO Energy Limited**  
**Notes to Financial statements**

**Note 19 - Revenue from operations**

(Rs in Crore)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Sale of products:</b>		
(i) Sale of Power	248.87	499.52
(ii) Others (Sale of Coal - Traded goods)	31.86	42.77
<b>Other Operating Income</b>		
(i) Sale of Fly Ash	0.37	1.39
(ii) Sundry balances written back	0.28	-
Revenue from Operations (Gross)	281.38	543.68
Less: Excise Duty	-*	0.07
<b>Total</b>	<b>281.38</b>	<b>543.61</b>

(\* Less than Rs.0.01 crore)

**Note 20 - Other Income**

(Rs In Crore)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	Rs.	Rs.
<b>Interest Income on:</b>		
(i) Bank Deposits	0.06	2.46
(ii) Others	0.05	0.01
Net gain on sale of current investments	2.22	3.36
Others- Liquidated Damages, etc.	0.17	3.70
<b>Total</b>	<b>2.50</b>	<b>9.53</b>

**Note 21 - Employee Benefits expense**

(Rs In Crore)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Salaries and incentives	6.41	6.57
(b) Contributions to provident and other funds	0.60	0.48
(c) Staff welfare expenses	1.17	0.99
(d) Expense on Employee Stock Option Scheme (ESOP)	0.93	0.63
<b>Total</b>	<b>9.11</b>	<b>8.67</b>

**Note 22 - Finance Cost**

(Rs in Crore)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Interest expense:</b>		
(i) on Compulsory Convertible Debentures	33.24	-
(ii) on others	0.09	1.43
Net loss / (gain) on foreign currency transactions (considered as finance cost)	1.52	(0.07)
Fees and Bank charges	0.09	0.20
<b>Total</b>	<b>34.94</b>	<b>1.56</b>

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**MALCO Energy Limited**  
**Notes to Financial statements**

**Note 23 - Other Expenses**

**( Rs in Crore)**

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>(i) Manufacturing and Operating Costs</b>		
Consumption of stores and spare parts	4.76	6.27
Water Charges	0.12	0.22
Machinery Repairs	10.37	10.02
Other Repairs	0.14	0.37
<b>(ii) Administration</b>		
Rates and Taxes	0.45	0.48
Insurance	0.42	0.62
Conveyance and Travelling Expenses	0.61	0.69
Security Service Charges	1.20	1.16
Expenditure on Corporate Social Responsibility (Refer note 27.7)	0.14	0.25
Directors' Sitting Fees	0.09	-
Legal and Professional Fees	1.23	0.88
Audit Fees (Refer Note (i))	0.14	0.13
Provision for doubtful trade receivables	1.06	-
Loss on sale / write off of fixed assets	0.01	-
<b>(iii) Selling and Distribution</b>		
Wheeling and Other Charges	-	3.11
Other Selling Expenses	0.06	0.09
<b>(iv) Other expense</b>		
Miscellaneous expenses	1.23	1.58
<b>Total</b>	<b>22.03</b>	<b>25.87</b>

**Note (i): Audit Fees**

**( Rs In Crore)**

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>(a) To Statutory auditors</b>		
For statutory audit	0.11	0.10
For Others services	0.01	0.01
<b>(b) To cost auditors for cost audit</b>	<b>0.02</b>	<b>0.02</b>
<b>Total</b>	<b>0.14</b>	<b>0.13</b>

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MALCO Energy Limited  
Notes forming part of the financial statements

Note No.24 Additional information to the financial statements

Note

No.	Particulars
24.1	Contingent liabilities and commitments (to the extent not provided for): Claims against the Company not acknowledged as debts:
(a)	<b>Electricity Disputes:</b>
(i)	Tamil Nadu Electricity Board (TNEB) has demanded an amount of Rs. 93.51 Crores (2015: 93.51 Crores) from the Company towards electricity tax on self generated power for the year May 1999 to 15th June 2003. The Company's representation to the Tamil Nadu Government for exemption from levy of electricity tax has been denied. Aggrieved by the same, the Company has filed a writ petition and a stay has been obtained from H'ble High Court, Chennai.
(ii)	TNEB has also demanded Rs 8.76 Crores (2015: 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 licensee has been denied. Aggrieved by the same, the Company filed a writ petition and a stay has been obtained from H'ble High Court, Chennai.
(iii)	Tamil Nadu Generation & Distribution Corporation Ltd. (TANGEDCO) has issued a demand notice dated Sep 5, 2012 for payment of Rs. 2.37 Crores towards electricity tax arrears on TNEB energy charges. The Company has paid Rs.1.50 Crores on account of energy consumed from TNEB and have filed an SLP CC No. 1963-64 of 2013, which has been clubbed with similar matters before the Supreme Court of India. The petition of Tamil Nadu Electricity Consumer Association (TECA) in this regard has been dismissed by the Hon'ble Supreme Court citing that the apex court shall not entertain petitions of Associations/Bodies in this regard. The Company's matter is yet to be listed / heard.
(iv)	TANGEDCO, Mettur, issued a letter dated June 29, 2015 to remit the excess claim of Rs.8.58 Crores for the period from Oct.2014 to May, 2015 for the excess units of 1,56,04,260 based on actual injection of power slot wise(15 minutes duration) instructions by TANGEDCO, Chennai Office dated Feb 13, 2015 within 15 days from the date of receipt of their letter. The Company has filed a writ petition with the H'ble High Court, Chennai on 11th July 2015 and a stay has been obtained on July 14, 2015.

(b)	Other contingent liabilities in respect of:	(Rs in Crore)	
		As at March 31,2016	As at March 31,2015
(i)	<b>Disputed Liabilities in appeal:</b>		
	PWD Water Demand charges	9.80	9.80
	Railway Land License fees Demand	2.71	2.71
	Customs duty for Import of coal (Classification)	7.09	7.09
(c)	<b>Commitments</b>		
	Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for - Tangible assets	0.63	0.39

Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities

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

S. No.	Particulars	(Rs in Crore)	
		As at March 31,2016	As at March 31,2015
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.04	0.06
(ii)	The Principal amount remaining unpaid which are outstanding for more than 45 days as at the end of the accounting year	-	-
(iii)	Interest due thereon remaining unpaid to any supplier as at the end of the	-	-
(iv)	The amount of interest paid along with the amounts of the payment made to	-	-
(v)	The amount of interest due and payable for the year	-	-
(vi)	The amount of interest accrued and remaining unpaid at the end of the	-	-
(vii)	The amount of further interest due and payable even in the succeeding year,	-	-

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MALCO Energy Limited  
Notes forming part of the financial statements

(Rs in Crore)		
C.I.F Value of Imports	For the year ended March 31, 2016	For the year ended March 31, 2015
Fuel (including in transit)	114.41	245.99
Stores & Spares etc.	-	0.04
Capital Goods	-	-
<b>Total</b>	<b>114.41</b>	<b>246.03</b>

(Rs in Crore)		
Expenditure in Foreign Currency	For the year ended March 31, 2016	For the year ended March 31, 2015
Travel	0.02	0.01
Professional and consultation fees	0.30	0.65
Others	-	0.17
<b>Total</b>	<b>0.32</b>	<b>0.83</b>

(Rs in Crore)		
Earnings in Foreign Currencies	For the year ended March 31, 2016	For the year ended March 31, 2015
Despatch Earnings	0.06	0.01

Details of consumption of imported and Indigenous items	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Rs in Crore	%	Rs in Crore	%
<b>Imported</b>				
Power & Fuel	99.75	69%	243.12	99%
Stores and Spares	0.32	7%	0.36	6%
<b>Indigenous</b>				
Power & Fuel	45.18	31%	2.08	1%
Stores and Spares	4.44	93%	5.91	94%

24.7 Details on derivatives instruments and unhedged foreign currency exposures

(i) Outstanding forward exchange contracts entered into by the Company as on March 31, 2016

Currency	Amount	Buy/Sell	Cross currency
USD (Million)	3.94	Buy	INR
	(2.06)	(Buy)	(INR)

Note: Figures in brackets relate to the previous year

(ii) All derivative and Financial instruments acquired by the company are for hedging purposes only.

(iii) There is no unhedged foreign currency exposure as on March 31, 2016.

24.8 The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta Resources Plc (the "Parent"), [The Vedanta Resources Long-Term Incentive Plan ("LTIP"), Employee Share Ownership Plan ("ESOP") and Performance Share Plan ("PSP")].

During the year, the PSP is the primary arrangement under which share-based incentives are provided to the defined management group, previously these awards were granted on a similar basis under the LTIP. The maximum value of shares that can be awarded to members of the defined management group is calculated by reference to the individual fixed salary and share-based remuneration consistent with local market practice. The performance condition attaching to outstanding awards under the PSP and LTIP is that of Parent's performance, measured in terms of Total Shareholder Return ("TSR") compared over a three year period with the performance of the competitor companies as defined in the scheme from the date of grant. Initial awards under the LTIP were granted in February 2004 and subsequently further awards were granted in the respective years until 2012-13. Additionally, PSP vesting conditions includes continued employment with the Group till the date of vesting. Initial awards under the PSP were granted in November 2014 and subsequently in December 2015. The awards are indexed to and settled by Parent shares. The awards have a fixed exercise price denominated in Parent's functional currency of 10 US cents per share, the performance period of each award is three years and are exercisable within a period of six months from the date of vesting beyond which the option lapses.

The Parent has also granted awards under the ESOP scheme that shall vest based on the achievement of business performance in the performance period. The vesting schedule is staggered over a period of three years. Under these schemes the Parent is obligated to issue the shares.

Further, in accordance with the terms of the agreement between the Parent and the Company, the fair value of the awards as on the grant date is recovered by the Parent from the Company and its subsidiaries.

Amount recovered by the Parent and recognized by the Company in the Statement of Profit and Loss (net of capitalisation) for the year ended March 31, 2015 is Rs.0.93 Crore (Previous year Rs.0.63 Crore). The Company considers these amounts as not material and accordingly has not provided further disclosures

25 Components of Deferred Tax are as under:

(Rs in Crore)		
Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Deferred Tax Liability</b>		
Difference between book and tax depreciation	6.04	4.04
<b>Deferred Tax Asset</b>		
Unabsorbed Business loss / Depreciation / 43B Item *	6.04	4.04
<b>Deferred Tax Assets (Net)</b>		
* The Company has recognised deferred tax asset on unabsorbed depreciation and / or brought forward business losses to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax		

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Full

Note 28 Disclosures under Accounting Standards

Note	Particulars
	Related Party Disclosures (As identified by the company and relied upon by Auditors):
28.1	Details of Related parties
28.1.a	(i) List of related parties where control exists (Holding Companies)
	Volcan Investments Limited (Intermediate Holding Company)
	Vedanta Resources Plc (Ultimate Holding Company)
	Vedanta Resources Holdings Limited (Intermediate Holding Company)
	Vedanta Limited (Holding Company)
	(ii) Subsidiary Company
	Fujalrah Gold FZC ( w.e.f. March 24, 2016)
	(iii) Fellow Subsidiaries
	Bharat Aluminium Co Ltd
	Copper Mines of Tasmania
	Thalanga Copper Mines Pty Limited
	Monte Cello B.V
	Hindustan Zinc Limited
	Taiwandu Sabo Power Limited
	Sterlite (USA) Inc
	THL Zinc Ventures Ltd
	THL Zinc Ltd
	THL Zinc Holding B.V
	THL Zinc Namibia Holdings (Proprietary) Ltd
	Skorpion Zinc (Proprietary) Limited
	Skorpion Mining Company (Proprietary) Ltd
	Namzinc (Proprietary) Limited
	Amica Guesthouse (Proprietary) Limited
	Rosh Oinah Health Care (Proprietary) Limited
	Black Mountain Mining (Proprietary) Limited
	Vedanta Lisheen Holdings Limited
	Vedanta Lisheen Mining Limited
	Killoran Lisheen Finance Limited
	Killoran Lisheen Mining Limited
	Lisheen Milling Limited
	Sterlite Ports Limited
	Sterlite Infranautos Limited
	Caim India Limited
	Caim India Holdings Limited
	Caim Energy Hydrocarbons Limited
	Caim Lanka (Pvt) Ltd
	Caim South Africa Proprietary Ltd
	Caim Energy Australia Pty Limited
	Caim Energy Holdings Limited
	Caim Energy Discovery Limited
	Caim Exploration (No.2) Limited
	Caim Exploration (No.6) Limited
	Caim Energy Gujrat Block 1 Limited
	Caim Exploration (No.7) Limited
	Caim Energy India Pty Limited
	Pecveest 17 proprietary Limited
	Bloom Fountain Limited
	Western Cluster Limited
	Sesa Resources Limited
	Twinstar Mauritius Holdings Limited
	Twinstar Energy Holdings Limited
	Sesa Mining Corporation
	Vedanta Exploration Ireland Limited
	Lakomasko BV
	Vedanta Jersey Investment Limited
	Vedanta Resources Jersey II Limited
	Valliant (Jersey) Limited
	Vedanta Resources Jersey Limited
	Vedanta Finance (Jersey) Limited
	Vedanta Resources Finance Limited
	Vedanta Resources Cyprus Limited
	Welter Trading Limited
	Richter Holding Limited
	Westglobe Limited
	Finsider International Company Limited
	Vedanta Finance UK Limited
	Twin Star Holdings Limited
	Monte Cello NV
	Konkola Copper Mines Plc
	Sesa Sterlite Mauritius Holdings Limited
	Sterlite Technologies Limited
	Sterlite Power Grid Ventures Limited (SPGVL)
	Sterlite Grid Limited (SGL)
	Sterlite Grid 2 Limited (SG2L)
	Sterlite Grid 3 Limited (SG3L)
	Purulia & Kharagpur Transmission Co Ltd (PKTCL)
	RAPP Transmission Co Ltd (RTCL)
	NRSS XXIX Transmission Limited
	East North Interconnection Co. Ltd. (ENICL)
	Jabalpur Transmission Co Ltd (JTCL)
	Bhopal Dhule Transmission Co Ltd (BDTCL)
	Sterlite Networks Ltd. (SNL)
	Maharashtra Transmission Communication Infrastructure Ltd (MTCIL)
	Sterlite Display Limited (SDL)-change of Name to Twin Star Technologies Limited (effective June 26,
	Twinstar Display Technologies Limited (Incorporate effective June 22, 2015)
	Sterlite Global (Mauritius) Ventures Limited
	Jiangsu Sterlite Tongguang Fiber Co. Ltd (JSTFCL)
	Sterlite Tech. UK Ventures Ltd (STUKL)
	Sterlite Tech. UK Ventures Ltd. (SCL)
	Sterlite Conducar Industries Ltd. (SCIL)
	Sterlite Tech Americas, LLC (STA, LLC)
	Sterlite Technologies Europe Ventures Limited (STEVL)
	Sterlite Iron and Steel Company Limited
	(iv) Key Management Personnel
	Mr. D D Jalan - Director
	Mr. P Ramnath - Director
	Mr. C Murugeswaran - Whole Time Director
	Ms. A Sumathi - Director
	Mr. Kamal Jain - Chief Financial Officer

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MALCO Energy Limited  
Notes forming part of the financial statements

Note.26 Disclosures under Accounting Standards

26.1.b Details of related party transactions during the period ended March 31, 2016 and balances outstanding as at March 31, 2016:

Description	(Rs. In Crore)							
	Holding Company		Subsidiaries		Key Management Personnel		Others	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Transactions during the year</b>								
Sale of finished goods including power	-	-	-	-	-	-	-	-
Sale of Fuel Stock	31.86	42.77	-	-	-	-	-	-
Interest Expenses	33.24	-	-	-	-	-	-	-
Purchase of Fuel Stock	2.30	110.03	-	-	-	-	-	-
Expenses Recovered from Company	1.29	1.15	-	-	-	-	0.01	-
Expenses Reimbursed to Company	4.91	5.91	-	-	-	-	-	-
Foreclosure cost (Refer Note.3(v))	-	200.00	-	-	-	-	-	-
Remuneration / Sitting Fees	-	-	-	-	1.45	1.00	-	-
<b>Loans and Advances</b>								
Receipt of Purchase Consideration for Sale of Power Plant	-	2,892.94	-	-	-	-	-	-
Issue of Equity Shares (Refer Note.3(iv))	-	100.00	-	-	-	-	-	-
Redemption of Preference share capital (including security premium of Rs.2,900 Crores) (Refer Note.3(v))	-	3,000.00	-	-	-	-	-	-
Issuance of Compulsory Convertible Debentures (Refer Note.5)	6,011.23	-	-	-	-	-	-	-
Investment In Equity Shares of Fujairah Gold FZC (Refer Note.11)	-	-	6,011.18	-	-	-	-	-
<b>Balances as at March 31:</b>								
Long-term borrowings	6,011.23	-	-	-	-	-	-	-
Non-current Investments	-	-	6,011.18	-	-	-	-	-
Other Current Liabilities	29.87	135.00	-	-	-	-	-	-
Sundry Creditors	-	0.67	-	-	-	-	-	-

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MALCO Energy Limited  
Notes forming part of the financial statements

Note.27 Disclosures under Accounting Standards

Note  
No.

Particulars

		(Rs In Crore)	
		Year ended March 31, 2016 (Funded)	Year ended March 31, 2015 (Funded)
27.1	<b>Employee benefit plans</b>		
27.1.a	Defined contribution plans		
	Contribution to Provident Fund	0.26	0.24
	Contribution to Superannuation Fund - (Funded with LIC)	0.16	0.10
	<b>Total</b>	<b>0.42</b>	<b>0.34</b>
	Less:- Capitalised during the year	-	-
	<b>Total</b>	<b>0.42</b>	<b>0.34</b>
27.1.b	<b>Defined benefit plans :-</b> (Gratuity -Long Term Defined Benefit Plan)		
		<b>Gratuity</b>	
		<b>Year ended March 31, 2016 (Funded)</b>	<b>Year ended March 31, 2015 (Funded)</b>
	As per the actuarial certificate (on which auditors have relied), the details of the Gratuity plan are:		
	Defined benefit plans The following table sets out the funded status of the defined benefit schemes and the amount recognised in the		
	<b>Change In defined benefit obligations (DBO) during the year</b>		
	Projected Benefit Obligations (PBO) at the beginning of the year	0.81	0.73
	Interest Cost	0.06	0.06
	Service Cost	0.06	0.06
	Benefits paid	(0.34)	-
	Actuarial (gain)/ loss on obligations	0.17	(0.04)
	Present value of DBO at the end of the year	0.76	0.81
	<b>Change in fair value of assets during the year</b>		
	Plan assets at beginning of the year	1.10	0.97
	Acquisition adjustment		
	Expected return on plan assets	0.09	0.08
	Actual company contributions	0.06	0.06
	Actuarial gain / (loss)	-	-
	Benefits paid	(0.34)	-
	Plan assets at the end of the year	0.91	1.11
	Actual return on plan assets	0.09	0.08
	<b>Components of employer expense</b>		
	Current Service Cost	0.06	0.06
	Past Service Cost		
	Expected Return on Plan Asset	(0.09)	(0.08)
	Interest Cost	0.06	0.06
	Net actuarial (gain)/ loss recognized in the year	0.16	(0.04)
	<b>Total expense recognised In the Statement of Profit and Loss</b>	<b>0.19</b>	<b>-</b>
	<b>Net asset / (liability) recognised In the Balance Sheet</b>		
	Present value of defined benefit obligation	0.76	0.81
	Fair value of plan assets	0.91	1.10
	Funded status [Surplus / (Deficit)]	0.15	0.29
	<b>Actuarial assumptions</b>		
	Discount rate	8.00%	7.80%
	Expected return on plan assets	8.00%	8.30%
	Salary escalation	5.00%	5.25%
	Mortality rate	(2006-08) Ultimate mortality tables	
	Average future working life (in years)	25	25
	<b>Experience adjustments</b>		
	Experience (gain) / loss adjustments on plan liabilities	(0.16)	0.04
	Experience adjustment - (gain)/loss	-	-
	Parameter adjustment - (gain)/loss	0.16	0.04

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors such as The Gratuity Fund is managed by LIC and the details with respect to the composition of investments in the fair value of plan assets have not been disclosed in the absence of the above said information.

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MALCO Energy Limited  
Notes forming part of the financial statements

		(Rs in Crore)				2012
		2016	2015	2014	2013	
27.1.c	<b>Amount recognized in the Balance Sheet</b>					6.11
	Present value of obligations at the end of the year	0.76	0.81	0.73	7.35	5.22
	Less: Fair value of plan assets at the end of the year	0.91	1.10	0.97	5.19	0.89
	<b>Net liability / (asset) recognized in the Balance Sheet</b>	<b>(0.15)</b>	<b>(0.29)</b>	<b>(0.24)</b>	<b>2.16</b>	
(Rs in Crore)						
27.1.d	<b>Experience adjustments on actuarial gain / (loss) for Present Benefit Obligation and Plan Assets</b>					(0.77)
	Present Benefit Obligation	(0.17)	0.04	0.40	(0.62)	(0.28)
	On Plan Present Benefit Obligation	0.00	0.00	0.00	0.02	
	On Plan Assets					

27.2 Earnings per share (EPS): (Rs.in Crore except for share data and EPS)

Particulars	2016	2015
<b>Basic</b>		
Profit / (loss) for the year attributable to the equity shareholders	36.84	(44.57)
Nominal value of Equity share (Rs.)	2.00	2.00
Number of equity shares for basic earnings	23,366,406	21,377,365
Weighted average number of equity shares for basic earnings	23,366,406	21,377,365
<b>Earnings per share - Basic (Rs.)</b>	<b>15.77</b>	<b>(20.85)</b>
<b>Dilutive</b>		
The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares computed after giving dilutive effect to the dilution for conversion of the outstanding Compulsory Convertible Debentures Issued during the year.		
Profit / (loss) for the year from attributable to the equity shareholders	36.84	(44.57)
Add: Interest expense on convertible debentures	21.74	-
Profit / (loss) for the year from attributable to the equity shareholders (on dilution)	58.57	(44.57)
Number of equity shares for basic earnings	23,366,406	21,377,365
Weighted average number of equity shares which are dilutive	35,668,725	-
Add: Effect of convertible debentures which are dilutive	59,035,131	21,377,365
Weighted average number of equity shares - for Diluted EPS	9.92	(20.85)
<b>Earnings per share - Dilutive (Rs.)</b>		

Note: During the previous year, pursuant to Capital Reduction under the Company Scheme approved by the H'ble High Court, Madras, the subscribed and paid-up equity capital of the Company was reduced by Rs.166.66 Crores. Such reduction was effected by reducing the face value of the equity shares of the Company from Rs.2/- per equity share to Rs.0.05/- per equity share and simultaneously with the reduction of share capital of the Company, 854,656,250 equity shares of the reduced face value of Rs.0.05/- each were consolidated into 21,366,406 equity shares of Rs.2/- each fully paid-up [Refer Note 3 (iii)].  
Consequent to above, EPS was restated for the previous year.

- 27.3 During the previous year, with effect from April 1, 2014, the Company had revised the estimated useful lives of certain assets as per the lives prescribed in Schedule II to the Companies Act, 2013. The Company had also conducted an independent technical study and evaluation of the useful life of Plant and Equipment and management had assessed the said technical study and had concluded that the life of Plant and Equipment is also in line with the lives prescribed in Schedule II to the Companies Act, 2013 in this regard. During the current year, the management has confirmed its reassessment of the useful lives of assets which is in line with such assertion in the previous year. Further, assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets. The details of previously applied depreciation method, rates / useful life are as follows:

Asset	Revised useful life based on SLM (YE March 2016 and YE 2015)
Plant and Machinery	40 years
Furniture and Fixtures	10 years
Vehicles	10 years
Office equipment	5 years

- 27.4 **Segment Reporting :**  
During the year, the Company is primarily engaged in the business of Generation and Sale of electricity in India, which is the sole reportable segment. Accordingly there are no other separate reportable segments as per Accounting Standard - (AS) 17, on Segment Reporting.
- 27.5 No borrowing costs were capitalised during the year.
- 27.6 In view of the carried forward losses available for set off, the Company does not have any liability towards income tax under the normal provisions of the Income Tax Act, 1961.

The Company, relying on the judicial decisions and on the basis of a legal opinion, believes that the "Company Scheme" (refer note no. 3(iii) ) will not affect the amount of brought forward business losses and unabsorbed depreciation as on 01.04.2015 for the purpose of set off in the computation of Minimum Alternate Tax (MAT). Consequently, the Company does not have any liability towards income tax under the provisions of MAT as at the year end.

**MALCO Energy Limited**  
**Notes forming part of the financial statements**

27.7 As at the Balance sheet date, the provisions of section 135 of the Companies Act, 2013 were not applicable to the Company. However, the Company has spent an amount of Rs.0.14 crores during the year on the following Corporate Social Responsibility activities which has been charged off to the statement of profit and loss.

S.No	Type of Expense	Rs. In Crore
1	Rural Infrastructure Development	0.03
2	Women Empowerment	0.01
3	Health Care	0.02
4	Education	0.06
6	Livelihood	0.01
7	Environment	0.01
	<b>TOTAL</b>	<b>0.14</b>


27.8 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosure.

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For and on behalf of the Board of Directors

  
P Ramnath  
Director

  
Karan Jain  
Chief Financial Officer

  
C Murugeswaran  
Whole Time Director

  
Prerna Halwasiya  
Company Secretary

Place: Mumbai  
Date : April 18, 2016