MALCO Energy Limited
Notes to the Financial Statements for the year ended 31 March 2020

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) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value as explained in accounting policy of fair value measurement and financial instruments below.

The accounting policies adopted for preparation and presentation of financial statement have been consistently applied.

The financial statements are presented in INR and all values are rounded to the nearest lakhs, except when otherwise indicated.

(b) Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 2 (u).

(c) 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 control of the asset is transferred to the customer, generally on delivery 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.

(d) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(e) 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 denominated in a foreign currency are measured at historical cost and translated at exchange rate prevalent at the date of transaction.

(f) Income Tax:

Current Tax:

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the tax are those that are enacted at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred Tax:

Deferred Tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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.

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 relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding 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.

(l) 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.

(m) Retirement and other employee benefits:

i) Defined contribution plans

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.

ii) Defined benefit plans

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 actuarial gains and losses and the return on plan assets (excluding net interest), 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.

iii) Short term and other long term employee benefits

Benefits accruing to employees in respect of wages, salaries and compensated absences and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit expected to be paid in exchange of related service. Where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method at the present value of the estimated future cash flow expected to be made by the Company in respect of services provided by employees up to the reporting date. 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

(n) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(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 other income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss.

- **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.

Financial instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, dividend income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss.

- **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:

The Company derecognises a financial asset when the rights to receive cash flows from the asset have expired or it transfers the right to receive the contractual cash flow on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

(ii) Investment in subsidiary:

Investment in subsidiary is measured at cost less Impairment, if any, as per Ind AS- 27 'Separate Financial Statement'.

(iii) 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:

- **Financial liabilities at fair value through profit & loss:**

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

- **Financial liabilities at amortised cost:**

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

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

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.

(iv) 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.

(o) Impairment

(i) Financial assets

The Company assessed the expected credit losses associated with its assets carried at amortised cost and fair value through other comprehensive income based on the Company's past history of recovery, credit worthiness of the counter party and existing and future market conditions.

For all financial assets other than trade receivables, expected credit losses are measured at an amount equal to the 12-month expected credit loss (ECL) unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. For trade receivables, the Company has applied the simplified approach for recognition of impairment allowance as provided in Ind AS 109 which requires the expected lifetime losses from initial recognition of the receivables and contract assets.

Impairment of Investment in subsidiary, if any, is determined based on value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment.

(ii) 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.

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

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 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 and loss.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) Current Versus Non-Current Classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

(u) 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 35.

(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.1997.26 crores (31 March 2018: INR 2003.28 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 26.

(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 31 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 29 to the financial statements.

MALCO Energy Limited

Balance Sheet as at 31 March 2020

	Notes	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	9,653	10,079
(b) Intangible assets	4	-	11
(c) Financial assets			
(i) Investments	5	-	23,212
(ii) Other financial assets	6	39	73
(d) Non current tax assets (net)		512	7
(e) Other non-current assets	7	1,466	1,441
Total Non-current assets		**11,670**	**34,823**
Current assets			
(a) Inventories	8	168	170
(b) Financial Assets			
(i) Investments	5	14,811	14,254
(ii) Trade receivables	9	1,479	2,306
(iii) Cash and cash equivalents	10	236	57
(iv) Other Bank Balances	11	24	-
(iv) Other financial assets	12	60	-
(c) Other Current Assets	13	157	131
Total Current assets		**16,935**	**16,918**
Total assets		**28,605**	**51,741**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	467	467
(b) Other equity	15	22,509	45,616
Total Equity		**22,976**	**46,083**
Liabilities			
Non-current Liabilities		**-**	**-**
Total Non-current liabilities		**-**	**-**
Current Liabilities			
(a) Financial liabilities			
(i) Trade Payables			
· Total Outstanding Dues of micro and small enterprises	16	1	1
· Total Outstanding Dues of creditors other than micro and small enterprises	16	93	89
(ii) Other financial liabilities	17	104	175
(b) Other current liabilities	18	5,431	5,392
(c) Provisions	19	-	1
Total Current Liabilities		**5,629**	**5,658**
Total Equity and Liabilities		**28,605**	**51,741**

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 : May 29, 2020

For and on behalf of Board of Directors

P Kumar
Director
DIN 03625336

C Murugeswaran
Director
DIN 05195128

Place : Udaipur
Date : May 29, 2020

Place : Mettur
Date : May 29, 2020

MALCO Energy Limited

Statement of Profit and Loss for the year ended 31 March 2020

		Notes	For the year ended 31 March 2020 Rs. Lakhs	For the year ended 31 March 2019 Rs. Lakhs
I	Revenue from operations	20	-	-
II	Other income	21	893	996
III	**Total Income (I+II)**		**893**	**996**
IV	**Expenses:**			
	Power & fuel		98	158
	Employee benefits expense	22	110	179
	Depreciation and amortization expense	23	437	440
	Other expenses	24	147	150
	Total expenses		**792**	**927**
V	**Profit before exceptional item and tax (III-IV)**		**101**	**69**
VI	Exceptional items	25	(23,212)	-
VII	**Profit/(Loss) before tax (V+VI)**		**(23,111)**	**69**
VIII	**Tax expense**	26	**-**	**-**
IX	**Profit /(Loss) for the year (VII-VIII)**		**(23,111)**	**69**
	Other Comprehensive income			
	Items not to be reclassified to profit and loss			
	- Remeasurement gains/(losses) on defined benefit plans		4	28
	- Income tax effect		-	-
X	**Other comprehensive income for the year**		**4**	**28**
XI	**Total comprehensive income for the year (IX+X)**		**(23,107)**	**97**
XII	**Earnings per equity share of Rs.2 each**	32		
	- Basic		(98.91)	0.30
	- Diluted		(98.91)	0.04

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 : May 29, 2020

For and on behalf of Board of Directors

P Kumar
Director
DIN 03625336

Place : Udaipur
Date : May 29, 2020

C Murugeswaran
Director
DIN 05195128

Place : Mettur
Date : May 29, 2020

MALCO Energy Limited

Statement of Cash Flow for the year ended March 31, 2020

		For the year ended 31 March 2020 Rs. Lakhs	For the year ended 31 March 2019 Rs. Lakhs
Cash flows from operating activities			
Profit before tax		(23,111)	69
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization expenses		437	440
Gain on sale of current investments (including fair value changes)		(879)	(981)
Provision for Impairment of Investment		23,212	-
Interest income		(6)	(6)
Provision for Doubtful Advances		10	-
		(337)	(478)
Movement in working capital			
(Increase)/Decrease in inventories		2	2
(Increase)/Decrease in trade receivables		827	4,232
(Increase)/Decrease in Financial assets - Others Non Current		24	13
(Increase)/Decrease in Financial Assets - Others Current		(60)	-
(Increase)/Decrease in Other Current Assets		(22)	(15)
(Increase)/Decrease in Other Non Current Assets		(25)	(148)
Increase/(Decrease) in trade payable		4	(11)
Increase/(Decrease) in Other Financial Liabilities - Current		(71)	(461)
Increase/(Decrease) in Other Current Liabilities		39	40
Increase/(Decrease) in Provisions		(1)	16
Cash generation from operation		**380**	**3,190**
Income tax refund/ (paid) (net)		(505)	16
Net cash from operating activities	**(A)**	**(125)**	**3,206**
Cash flows from investing activities			
(Increase)/decrease in other bank balances (net)		(24)	-
Purchase of current investments		(30,680)	(46,100)
Proceeds from sale of current investments		31,002	42,897
Interest received		6	6
Net cash from / (used in) investing activities	**(B)**	**304**	**(3,197)**
Cash flows from financing activities		-	-
Net cash from / (used in) financing activities	**(C)**	**-**	**-**
Net (decrease)/increase in cash and cash equivalents	**(A+B+C)**	179	9
Cash and cash equivalents at the beginning of the year		57	48
Cash and cash equivalents at the end of the year (Refer Note No. 10)		**236**	**57**
Non-cash Investing and financing transactions			
-Net gain arising on Financial assets measured at FVTPL		281	343
		281	**343**

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 : May 29, 2020

For and on behalf of Board of Directors

P Kumar
Director
DIN 03625336

Place : Udaipur
Date : May 29, 2020

C Murugeswaran
Director
DIN 05195128

Place : Mettur
Date : May 29, 2020

MALCO Energy Limited
Statement of changes in equity for the year ended 31 March 2020

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	Retained earnings		
As at 31 March 2018	**467**	**613,545**	**9,992**	**(578,018)**	**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**	**613,545**	**9,992**	**(577,921)**	**45,616**	**46,083**
Profit/(Loss) for the year	-	-	-	(23,111)	(23,111)	(23,111)
Other comprehensive income	-	-	-	4	4	4
Total comprehensive income	-	-	-	**(23,107)**	**(23,107)**	**(23,107)**
As at 31 March 2020	**467**	**613,545**	**9,992**	**(601,028)**	**22,509**	**22,976**

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 : May 29, 2020

For and on behalf of Board of Directors

P Kumar
Director
DIN 03625336

Place : Udaipur
Date : May 29, 2020

C Murugeswaran
Director
DIN 05195128

Place : Mettur
Date : May 29, 2020

3 Property, Plant and Equipment

	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipment	Total
Cost					
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**
Additions	-	-	-	-	**-**
Disposals	1	-	-	-	**1**
At 31 March 2020	**14,586**	**26**	**0***	**115**	**14,727**
Depreciation					
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**
Depreciation charge for the year	424	1	-	1	**426**
Disposals	1	-	-	-	**1**
At 31 March 2020	**4,959**	**25**	**0***	**90**	**5,074**
Net book value					
At 31 March 2019	10,051	2	-	26	**10,079**
At 31 March 2020	9,627	1	-	25	**9,653**

4 Intangible assets

		Rs. Lakhs
	Computer Software	Total
Cost		
At 31 March 2018	39	39
Additions	-	-
Disposals	-	-
At 31 March 2019	39	39
Additions	-	-
Disposals	-	-
At 31 March 2020	**39**	**39**
Amortisation		
At 31 March 2018	17	17
Amortisation	11	11
At 31 March 2019	28	28
Amortisation	11	11
At 31 March 2020	**39**	**39**
Net book value		
At 31 March 2019	11	11
At 31 March 2020	-	-

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

5 Investments

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Non current		
Unquoted equity shares		
Investments in subsidiaries (At cost less impairment, if any)		
33,590,300 (31 March 2019: 33,590,300) equity shares of Fujairah Gold FZC	613,660	613,660
Less : Provision for impairment of investments (Refer note 35)	(613,660)	(590,448)
Total	**-**	**23,212**
Current		
Investment carried at fair value through Statement of Profit and Loss		
Unquoted		
Investment in mutual funds	14,811	14,254
Total	**14,811**	**14,254**
Aggregate value of unquoted investments	14,811	37,466
Aggregate amount of impairment in value of investment	613,660	590,448

6 Other Financial Assets - Non current

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Security Deposits	49	73
Less: Impairment Allowance	(10)	-
Security Deposits (net)	39	73
Break-up for security details:		
Unsecured considered good	39	73
Security Deposits- credit impaired	10	-
Total	**49**	**73**
Less : Impairment Allowance	(10)	-
Total	**39**	**73**

7 Other non-current assets

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Unsecured considered good		
Balance with government authorities	1,466	1,441
Total	**1,466**	**1,441**

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

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Raw Materials	2	2
Stores and Spares	166	168
Total	**168**	**170**

9 Trade receivables

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Trade receivables	2,082	2,909
Less: Impairment Allowance	(603)	(603)
Trade receivables (net)	**1,479**	**2,306**
Break-up for security details:		
Unsecured, considered good	1,479	2,306
Trade receivables- credit impaired	603	603
Total	**2,082**	**2,909**
Less: Impairment Allowance	(603)	(603)
Total	**1,479**	**2,306**

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.

10 Cash and cash equivalents

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Balances with banks		
- on current account	236	57
Total	**236**	**57**

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 Bank Balances

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Fixed deposits with maturity greater than 3 months	24	-
Total	**24**	**-**

Fixed Deposit is against bank guarantee given to Government authorities.

12 Other Financial assets - Current

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Unsecured, considered good		
Due from Related Parties (Refer Note: 30)	60	-
	60	**-**

13 Other Current Assets

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Unsecured, considered good		
Balances with Government authorities	76	76
Gratuity Fund (Refer Note 31)	16	13
Leave Encashment Fund	35	36
Prepaid expenses	10	6
Advances to Suppliers	9	-
Others	11	-
Total	**157**	**131**

14 Share capital

		As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
(a)	**Authorised shares**		
	880,000,000 (March 31, 2019: 880,000,000) Equity Shares of Rs. 2 each	17,600	17,600
	1,250,000 (March 31, 2019: 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, 2019: 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 2020		31 March 2019	
	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

	31 March 2020		31 March 2019	
	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 2020		31 March 2019	
	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.

15 Other Equity

		As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 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.

(b)	**Retained Earning**		
	Balance as at the beginning of the year	(577,921)	(578,018)
	Add: Profit/(Loss) for the year	(23,111)	69
	Acturial remeasurement (loss)/gain for the year through OCI	4	28
	Balance as at the end of the year	**(601,028)**	**(577,921)**

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.

(c)	**Instruments entirely equity in nature - compulsorily convertible debentures (Refer note below)**		
	As at beginning of the year	613,545	613,545
	Issued during the year	-	-
	Balance as at the end of the year	**613,545**	**613,545**
	Total Other Equity (a+b+c)	**22,509**	**45,616**

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.

16 Trade payables

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Trade Payables		
(i) Total Outstanding Dues of micro and small enterprises (Refer note 34)	1	1
(ii) Total Outstanding Dues of creditors other than micro and small enterprises	93	89
Total	**94**	**90**

17 Others Financial Liabilities - Current

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Liabilities to Related Parties (Refer note 30)	-	48
Liability for capital expenditure	96	96
Employee Payables	8	31
Total	**104**	**175**

18 Other current liabilities

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Claims and other payables	5,416	5,378
Statutory Liabilities	6	5
Advance from customers	9	9
Total	**5,431**	**5,392**

19 Provisions

	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
Provision for employee benefits		
-Provision for other employee benefits	-	1
	-	**1**

20 Revenue from operations

	Year ended 31 March 2020 Rs. Lakhs	Year ended 31 March 2019 Rs. Lakhs
Revenue from Contract with Customers	-	-
Total	**-**	**-**

21 Other income

	Year ended 31 March 2020 Rs. Lakhs	Year ended 31 March 2019 Rs. Lakhs
Gain on sale/fair valuation of current investment measured at FVTPL	879	981
Interest Income		
- on bank deposits	3	4
- Others	3	2
Other non Operating Income	8	9
Profit on sale of fixed assets	0	-
Total	**893**	**996**

22 Employee benefits expense

	Year ended 31 March 2020 Rs. Lakhs	Year ended 31 March 2019 Rs. Lakhs
Salaries, wages and bonus	92	150
Contributions to provident and other funds	6	18
Staff welfare expenses	12	11
Total	**110**	**179**

23 Depreciation and amortization expense

	Year ended 31 March 2020 Rs. Lakhs	Year ended 31 March 2019 Rs. Lakhs
Depreciation on tangible assets	426	429
Amortization on intangible assets	11	11
Total	**437**	**440**

24 Other expenses

	Year ended 31 March 2020 Rs. Lakhs	Year ended 31 March 2019 Rs. Lakhs
Consumption of stores and spares	3	2
Repairs and maintenance		
Plant and Machinery	13	17
Rates And Taxes	33	40
Bad and Doubtful Debts	10	-
Insurance	14	10
Travelling and conveyance	7	8
Directors sitting fees	-	2
Payment to Auditors (Refer details below)	5	6
Security Service charges	40	41
Legal and professional fees	17	12
CSR expenditure (Refer details below)	1	1
Miscellaneous expenses	4	11
Total	**147**	**150**

Payment to auditors (exclusive of applicable taxes)

	Year ended 31 March 2020 Rs. Lakhs	Year ended 31 March 2019 Rs. Lakhs
For Statutory Audit fee	5	5
Other services - certification fees	0	1
Total	**5**	**6**

Details of CSR expenditure

	Year ended 31 March 2020 Rs. Lakhs	Year ended 31 March 2019 Rs. Lakhs
(a) Gross amount required to be spent during the year	-	-
(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	1
- yet to be paid in cash	-	-
Total	**1**	**1**

25 Exceptional Items

	Year ended 31 March 2020 Rs. Lakhs	Year ended 31 March 2019 Rs. Lakhs
Impariment of investments (Refer Note 35)	23,212	-
Total	**23,212**	**-**

26 Tax expenses

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

	Year ended 31 March 2020 Rs. Lakhs	Year ended 31 March 2019 Rs. Lakhs
Current Tax	-	-
Deferred Tax	-	-
Income tax expense reported in the statement of profit or loss	-	-

(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 2020 Rs. Lakhs	Year ended 31 March 2019 Rs. Lakhs
Accounting profit before tax	(23,111)	69
Statutory income tax rate	34.94%	27.55%
Tax at statutory income tax rate	(8,076)	19
Impairment on Investment- Temporary Diff- Not recoverable	8,111	-
Utilisation of tax losses	(35)	(19)
Income tax charge for the year	**-**	**-**

(c) Deferred tax assets / liabilities

Deferred tax relates to the following:

For the year ended 31 March 2020 — **Rs. Lakhs**

Significant components of Deferred tax (assets) & liabilities	**Opening balance as at April1, 2019**	**Charged / (credited) to statement of profit or loss**	**Closing balance as at March 31,2020**
Property, plant and equipment	1,474	495	1,969
Timing difference of disallowance made u/s 43B	-	(8)	(8)
Impairment loss recognized on trade receivable/advances	(166)	(48)	(214)
Effect of measuring investments at fair value through profit and loss	91	8	99
Unabsorbed depreciation/business loss	(1,399)	(447)	(1,846)
Net Deferred Tax (assets) / liabilities	-	-	-

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/advances	(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	-	-	-

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. 67,947 Lakhs, Rs. 53,969 Lakhs as at March 31, 2020, March 31, 2019 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, 2020	Unabsorbed Depreciation	-	-	67,947	**67,947**
March 31, 2019	Unabsorbed Depreciation	-	-	53,969	**53,969**

27 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:

As at 31 March 2020	Carrying amount				Rs. Lakhs
	FVTPL$	FVTOCI$$	Amortised Cost	Total carrying value	Total fair Value
Financial assets*					
Other Bank Balances	-	-	24	24	24
Cash and cash equivalents	-	-	236	236	236
Investments-Current	14,811	-	-	14,811	14,811
Trade receivables	-	-	1,479	1,479	1,479
Other financial asset-non-current	-	-	39	39	39
Other financial asset- current	-	-	60	60	60
Total	**14,811**	**-**	**1,838**	**16,649**	**16,649**
Financial liabilities					
Trade payables	-	-	94	94	94
Other financial liabilities- current	-	-	104	104	104
Total	**-**	**-**	**198**	**198**	**198**

As at 31 March 2019	Carrying amount				Rs. Lakhs
	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**

$ - 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, other bank balances, 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.

As at 31 March 2020	Fair value			Rs. Lakhs
	Level 1	Level 2	Level 3	Total
Financial assets*				
Investments-Current	14,811	-	-	14,811
Total	**14,811**	**-**	**-**	**14,811**

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

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

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 2020 — Rs. Lakhs

Financial liabilities	<1 year	1-2 Years	2-5 Years	> 5 Years	Total
Trade payables	94	-	-	-	94
Other financial liabilities - Current	104	-	-	-	104
Total	**198**	**-**	**-**	**-**	**198**

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**

(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 2020 — Rs. Lakhs

	Floating Rate Financial Assets	Fixed Rate Financial Assets	Non Interest Bearing Financial Assets	Total Financial Assets
Other Financial Assets - Non current	-	23	16	39
Total Financial Assets - Non Current	**-**	**23**	**16**	**39**
Investments - Current*	14,811	-	-	14,811
Trade Receivables	-	-	1,479	1,479
Cash and Cash Equivalents	-	-	236	236
Other Financial assets - Current	-	-	60	60
Other Bank Balances	-	24	-	24
Total Financial Assets - Current	**14,811**	**24**	**1,775**	**16,610**

Rs. Lakhs

	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities	Non Interest Bearing Financial Liabilities	Total Financial Liabilities
Trade Payables	-	-	94	94
Other Financial Liabilities - Current	-	-	104	104
Total Financial Liabilities - Current	**-**	**-**	**198**	**198**

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- Current*	14,254	-	-	14,254
Trade Receivables	-	-	2,306	2,306
Cash and Cash Equivalents	-	-	57	57
Total Financial Assets - Current	**14,254**	**-**	**2,363**	**16,617**

*Other than investment in subsidiary company

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	-	-	175	175
Total Financial Liabilities - Current	-	**-**	**265**	**265**

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. 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 2020	Effect on pre-tax profit / (loss) during the year ended Mar 31 2019
0.50%	74	71
1.00%	148	143
2.00%	296	285

(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, other bank balances, 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.

None of the company's cash or cash equivalents and other bank balances are past due or impaired. Regarding trade receivables, and other financial assets (both current and non current), there were no indications as at March 31, 2020 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 2020, 31 March 2019;

Rs. Lakhs

	As at 31 March 2020	As at 31 March 2019
Not past Due	60	-
Due Less than 1 month	-	-
Due Between 1-3 months	-	-
Due Between 3-12 months	-	-
More than 12 months	1,518	2,379
Total	**1,578**	**2,379**

(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:

Rs. Lakhs

	As at 31 March 2020		As at 31 March 2019	
	Financial Assets*	Financial Liabilities	Financial Assets*	Financial Liabilities
USD	-	-	-	-
INR	16,649	198	16,690	265
Total	**16,649**	**198**	**16,690**	**265**

*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 2020 and 31st March 2019, there are no outstanding derivatives positions.

28 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 2020	31 March 2019
Cash and cash equivalents	236	57
Other Bank Balances	24	-
Short term investments	14,811	14,254
Total cash (a)	**15,071**	**14,311**
Short-term borrowings	-	-
Long-term borrowings	-	-
Total debt (b)	-	-
Equity	22,976	46,083
Net debt (c= b-a)	-	-
Total capital (equity + net debt)	22,976	46,083
Gearing Ratio	-	-

29 Contingent liabilities and Commitments

(a) Contingent Liabilities

Rs. Lakhs

(I) Claims not acknowledged by the company	**31 March 2020**	**31 March 2019**
(i) Electricity tax on self generated power (Refer Note 1 below)	9,351	9,351
(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)	2,880	2,880
(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	1,109	1,109
(vi) Railway Land License fees Demand	271	271
(vii) Customs duty	875	875
	16,220	16,220

Note :

1 In an earlier year, Tamil Nadu Electricity Board ('TNEB') issued a demand of Rs. 9,351 Lakhs 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 876 Lakhs 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. 2,880 lakhs 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. 858 lakhs 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.

(II) Bank Guarantees

	31 March 2020	31 March 2019
		Rs. Lakhs
Bank Guarantees	23	75
	23	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 2019: Rs. Nil).

30 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 Limited (Formerly known as Vedanta Resources Plc)
Subsidiary Company	Fujairah Gold FZC
(ii) Other related parties	
Key Management Personnel	Mr. Pankaj Kumar- Director (w.e.f. 1st June 2019) 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) Mr. P Ramnath (upto 23rd July, 2019)

(b) Transactions with related parties during the year

Rs. Lakhs

Particulars	31 March 2020	31 March 2019
Vedanta Limited		
Reimbursement of expenses	20	45
Recovery of expenses	46	10
Fujairah Gold		
Impairment of Investment	23,212	-

(c) Transactions with Key Managerial Personnel during the year

Rs. Lakhs

Particulars	31 March 2020	31 March 2019
Remuneration	-	40
Director Sitting Fee	-	2

(d) Outstanding balances at period end

Rs. Lakhs

Particulars	31 March 2020	31 March 2019
Vedanta Limited		
Other financial liabilities - current	-	48
Other Financial Assets - current	60	-

31 Employee Benefit

i. Defined Contribution Plan

The Company contributed a total of Rs 5.50 Lakhs for the year ended March 31, 2020 and Rs. 7 Lakhs for the year ended March 31, 2019 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 2020 and 2019) 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:

Rs. Lakhs

	Defined benefit obligations	Fair value of plan assets	Funded Status
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*	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**
Current Service Cost	(2)	-	(2)
Net interest expense	(3)	4	1
Included in Statement of Profit and Loss	**(5)**	**4**	**(1)**
Return on plan assets (excluding amounts included in net interest expense)	-	0 *	0 *
Actuarial changes arising from changes in demographic assumptions	(0) *	-	-
Actuarial changes arising from changes in financial assumptions	(3)	-	(3)
Experience adjustments	7	-	7
Included in OCI	**4**	**0** *	**4**
Benefits paid	-	-	-
Contribution by employer	-	-	-
At 31 March 2020	**(38)**	**54**	**16**

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

	31 March 2020	31 March 2019
Discount Rate	6.80%	7.80%
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 (2012 - 14)	IALM (2006 - 08)

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

Rs. Lakhs

Assumptions	**31 March 2020**	**31 March 2019**
Sensitivity Level		
0.5% Increase in Discount Rate	(1)	(2)
0.5% Decrease in Discount Rate	2	2
0.5% Increase in Future Salary Increase	2	2
0.5% Decrease in Future Salary Increase	(2)	(2)

The above sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Further, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

The expected maturity analysis of undiscounted defined benefit obligation is as follows:

Rs. Lakhs

Year	**31 March 2020**	**31 March 2019**
Within 1 Year	4.87	0.81
Between 1 and 2 years	0.57	0.65
Between 2 and 3 years	0.53	0.60
Between 3 and 4 years	0.51	0.54
Between 4 and 5 years	0.52	0.51
Beyond 5 years	30.79	34.09

The contribution expected to be made by the Company during the financial year 2020-21 is Rs 1 lakh (31st March , 2020 : Rs 1 lakh).
The average duration of the defined benefit obligation is 11.16 years and 13.11 years as on March 31, 2020 and March 31, 2019 respectively.

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

32 Earnings per share

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

Particulars	31 March 2020 Rs. Lakhs	31 March 2019 Rs. Lakhs
Profit / (Loss) attributable to the equity shareholders for Basic EPS	(23,111)	69
Add: Adjustment for Diluted Instrument	-	-
Profit / (Loss) attributable to equity holders adjusted for Diluted EPS	**(23,111)**	**69**
Weighted average number of Equity Shares for basic EPS	23,366,406	23,366,406
Effect of Dilution of Convertible debentures	131,296,277	131,296,277
Weighted average number of Equity shares adjusted for the effect of dilution	**154,662,683**	**154,662,683**
Earning per share - Basic (Rs.)	**(98.91)**	**0.30**
Earning per share - Dilutive (Rs.)	**(98.91)**	**0.04**

33 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

During the current and previous year, there is no revenue from operations.

B. Information about geographical areas

During the current and previous year, there is no revenue from operations.

(i) 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:

		Rs. Lakhs
	31 March 2020	**31 March 2019**
India	11,119	11,531
Outside India	-	-
Total	**11,119**	**11,531**

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

Particulars	As at 31 March 2020 Rs. Lakhs	As at 31 March 2019 Rs. Lakhs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1	1
(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	-	-

35 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 6136.59 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 had 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) crore 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 equity.

Further, on an annual assessment of impairment, an additional impairment provison of Rs.232.12 crores (USD 35.80 million) recognised during the current year. 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 13.55% (31 March 2019: 13.45%).

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

37 Previous year's figures have been regrouped wherever necessary to make them comparable with those of the current year.

As per our report of even date	**For and on behalf of Board of Directors**	
For S R B C & CO LLP **Chartered Accountants** **ICAI Firm Registration No : 324982E/E300003**		
	P Kumar **Director** **DIN 03625336**	**C Murugeswaran** **Director** **DIN 05195128**
per Vikram Mehta **Partner** **Membership No. - 105938**		
Place : Mumbai **Date : May 29, 2020**	**Place : Udaipur** **Date : May 29, 2020**	**Place : Mettur** **Date: May 29, 2020**