

**INDEPENDENT AUDITOR'S REPORT**

To the Members of MALCO Energy Limited  
**Report on the Audit of the Ind AS Financial Statements**

**Opinion**

We have audited the accompanying Ind AS financial statements of MALCO Energy Limited ("the Company"), which comprise the Balance Sheet as at March 31 2021, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Other Information**

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

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

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

**Responsibility of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



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

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

## Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

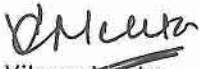


# S R B C & CO LLP

Chartered Accountants

- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) The provisions of section 197 read with Schedule V of the Act are applicable to the Company however no managerial remuneration has been paid / provided by the Company during the year ended March 31, 2021;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 28 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

  
per Vikram Mehta  
Partner  
Membership Number: 105938  
UDIN: 21105938AAAACH1510  
Place: Mumbai  
Date: May 12, 2021



**Re: MALCO Energy Limited (the "Company")**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management and audit procedure performed by us, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanation given by the management, provision of section 186 of the Companies Act, 2013 in respect of loans and advances given, investment made, guarantees and securities given have been complied with by the company and there are no loans in respect of which provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the generation and supply of power, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, custom duty, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, custom duty, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



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

Name of Statute	Nature of Dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Custom Duty	2,389.42	2011-12, 21012-13 and 2014-15	Custom Excise and Service tax Appellate tribunal
The Finance Act, 1994	Service Tax	167.48	2014	Custom Excise and Service tax Appellate tribunal

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) of the Order is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanation given by the management and audit procedures performed by us, no managerial remuneration has been paid/ provided for in the current year as covered under provisions of section 197 read with Schedule V to the Companies Act, 2013. and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and an overall examination of Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirement under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.



# SRBC & CO LLP

Chartered Accountants

- (xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us and audit procedures performed by us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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



per Vikram Mehta

Partner

Membership Number: 105938

UDIN: 21105938AAAACH1510

Place: Mumbai

Date: May 12, 2021



**Re: MALCO Energy Limited (the "Company")**

**Annexure 2 referred to in paragraph 2(f) under Report on Other Legal and Regulatory Requirements of our audit report of even date**

We have audited the internal financial controls with reference to financial statements of MALCO Energy Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established under the committee of Sponsoring Organisations of Treadway Commission (2013 Framework) ("COSO 2013 criteria"), which considers the essential components of internal 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, 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 with reference to these financial statements.

### **Meaning of Internal Financial Controls with Reference to these Financial Statements**

A company's internal financial controls with reference to these financial statements 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 controls with reference to these financial statements 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 with Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



# **S R B C & CO LLP**

Chartered Accountants

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to these financial statements and such internal financial controls with reference to these financial statements were operating effectively as at March 31, 2021, 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 issued by the Institute of Chartered Accountants of India.

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



per Vikram Mehta  
Partner  
Membership Number: 105938  
UDIN: 21105938AAAACH1510  
Place: Mumbai  
Date: May 12, 2021





**MALCO Energy Limited**  
**Balance Sheet as at 31 March 2021**

	Notes	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	9,223	9,653
(b) Intangible assets	4	-	-
(c) Financial assets			
(i) Investments	5	-	-
(ii) Other financial assets	6	13	39
(d) Non current tax assets (net)		595	512
(e) Other non-current assets	7	1,493	1,466
<b>Total non-current assets</b>		<b>11,324</b>	<b>11,670</b>
<b>Current assets</b>			
(a) Inventories			
(b) Financial assets	8	166	168
(i) Investments	5	196	14,811
(ii) Trade receivables	9	-	1,479
(iii) Cash and cash equivalents	10	251	236
(iv) Other bank balances	11	23	24
(v) Other financial assets	12	21,030	60
(c) Other current assets	13	174	157
<b>Total current assets</b>		<b>21,840</b>	<b>16,935</b>
<b>Total assets</b>		<b>33,164</b>	<b>28,605</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	467	467
(b) Other equity	15	27,042	22,509
<b>Total equity</b>		<b>27,509</b>	<b>22,976</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Total non-current liabilities</b>		-	-
<b>Current liabilities</b>			
(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	84	93
(ii) Other financial liabilities	17	96	104
(b) Other current liabilities	18	5,474	5,431
<b>Total current liabilities</b>		<b>5,655</b>	<b>5,629</b>
<b>Total equity and liabilities</b>		<b>33,164</b>	<b>28,605</b>

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 12, 2021

For and on behalf of Board of Directors

  
P Kumar  
Director  
DIN 08460825

  
Anand Soni  
Director  
DIN 08943563

Place : Tuticorin  
Date : May 12, 2021

Place : Tuticorin  
Date : May 12, 2021



**MALCO Energy Limited**

**Statement of Profit and Loss for the year ended 31 March 2021**

	Notes	For the year ended 31 March 2021 Rs. Lakhs	For the year ended 31 March 2020 Rs. Lakhs
I Revenue from operations	19	-	-
II Other income	20	5,878	893
<b>III Total income (I)</b>		<b>5,878</b>	<b>893</b>
<b>IV Expenses:</b>			
Power & fuel		91	98
Employee benefits expense	21	128	110
Depreciation and amortization expense	22	424	437
Other expenses	23	707	147
<b>Total expenses</b>		<b>1,350</b>	<b>792</b>
<b>V Profit before exceptional item and tax (III-IV)</b>		<b>4,528</b>	<b>101</b>
VI Exceptional items	24	-	23,212
<b>VII Profit/(Loss) before tax (V+VI)</b>		<b>4,528</b>	<b>(23,111)</b>
VIII Tax expense	25	-	-
<b>IX Profit /(Loss) for the year (VII-VIII)</b>		<b>4,528</b>	<b>(23,111)</b>
<b>Other Comprehensive income</b>			
Items not to be reclassified to profit and loss			
- Remeasurement gains/(losses) on defined benefit plans		5	4
- Income tax effect		-	-
<b>X Other comprehensive income for the year</b>		<b>5</b>	<b>4</b>
<b>XI Total comprehensive income for the year (IX+X)</b>		<b>4,533</b>	<b>(23,107)</b>
<b>XII Earnings per equity share of Rs.2 each</b>	31		
- Basic		19.38	(98.91)
- Diluted		2.93	(98.91)

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 12, 2021



For and on behalf of Board of Directors

  
P Kumar  
Director  
DIN 08460825

  
Anand Soni  
Director  
DIN 08943563

Place : Tuticorin  
Date : May 12, 2021

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Date : May 12, 2021



**MALCO Energy Limited**

**Statement of Cash Flow for the year ended 31 March 2021**

	For the year ended 31 March 2021 Rs. Lakhs	For the year ended 31 March 2020 Rs. Lakhs
<b>Cash flows from operating activities</b>		
Profit before tax	4,528	(23,111)
<b>Adjustments to reconcile profit before tax to net cash flow:</b>		
Depreciation and amortization expenses	424	437
Gain on sale of current investments (including fair value changes)	(112)	(879)
Provision for Impairment of Investment	-	23,212
Loss/(profit) on sale/discard of Property, Plant and Equipments (net)	6	(0)*
Interest income	(5,759)	(6)
Provision for bad and doubtful debts/advances (net)	3	10
	<b>(910)</b>	<b>(337)</b>
<b>Movement in working capital</b>		
(Increase)/Decrease in inventories	1	2
(Increase)/Decrease in trade receivables	1,491	827
(Increase)/Decrease in Financial assets - Others Non Current	11	24
(Increase)/Decrease in Financial Assets - Others Current	47	(60)
(Increase)/Decrease in Other Current Assets	(12)	(22)
(Increase)/Decrease in Other Non Current Assets	(27)	(25)
Increase/(Decrease) in trade payable	(9)	3
Increase/(Decrease) in Other Financial Liabilities - Current	(8)	(71)
Increase/(Decrease) in Other Current Liabilities	43	40
Increase/(Decrease) in Provisions	-	(1)
<b>Cash generation from operation</b>	<b>627</b>	<b>380</b>
Income tax refund/ (paid) (net)	(83)	(505)
<b>Net cash from operating activities</b>	<b>544</b>	<b>(125)</b>
	(A)	
<b>Cash flows from investing activities</b>		
(Increase)/decrease in other bank balances (net)	1	(24)
Purchase of current investments	(25,439)	(30,680)
Proceeds from sale of current investments	40,166	31,002
Loan to related party	(20,000)	-
Interest received	4,743	6
<b>Net cash from/(used in) investing activities</b>	<b>(529)</b>	<b>304</b>
	(B)	
<b>Cash flows from financing activities</b>		
<b>Net cash from/(used in) financing activities</b>	<b>-</b>	<b>-</b>
	(C)	
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>15</b>	<b>179</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>236</b>	<b>57</b>
<b>Cash and cash equivalents at the end of the year (refer note 10)</b>	<b>251</b>	<b>236</b>
<b>Non-cash Investing and financing transactions</b>		
-Net gain arising on Financial assets measured at FVTPL	1	281
	<b>1</b>	<b>281</b>

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

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 12, 2021

For and on behalf of Board of Directors

   
P Kumar  
Director  
DIN 08460825  
Anand Soni  
Director  
DIN 08943563

Place : Tuticorin  
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Date : May 12, 2021



**MALCO Energy Limited**  
**Statement of changes in equity for the year ended 31 March 2021**

Rs. Lakhs

	Equity Share Capital	Other equity			Total other equity	Total equity
		Instruments entirely equity in nature - compulsorily convertible debentures	Reserves and surplus			
			Securities premium	Retained earnings		
<b>As at 31 March 2019</b>	<b>467</b>	<b>613,545</b>	<b>9,992</b>	<b>(577,921)</b>	<b>45,616</b>	<b>46,083</b>
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)
<b>As at 31 March 2020</b>	<b>467</b>	<b>613,545</b>	<b>9,992</b>	<b>(601,028)</b>	<b>22,509</b>	<b>22,976</b>
Profit/(Loss) for the year	-	-	-	4,528	4,528	4,528
Other comprehensive income	-	-	-	5	5	5
Total comprehensive income	-	-	-	4,533	4,533	4,533
<b>As at 31 March 2021</b>	<b>467</b>	<b>613,545</b>	<b>9,992</b>	<b>(596,495)</b>	<b>27,042</b>	<b>27,509</b>

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 12, 2021



For and on behalf of Board of Directors

  
P Kumar  
Director  
DIN 08460825

Place : Tuticorin  
Date : May 12, 2021

  
Anand Soni  
Director  
DIN 08943563

Place : Tuticorin  
Date : May 12, 2021



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

**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.



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**Notes to the Financial Statements for the year ended 31 March 2021**

**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.



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

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



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

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.





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**Notes to the Financial Statements for the year ended 31 March 2021**

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.

**(I) 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



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

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



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**Notes to the Financial Statements for the year ended 31 March 2021**

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.



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

**(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.



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

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.



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

**2A. 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 34.

**(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. 1,950.46 crores (31 March 2020: Rs. 1,997.22 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 25.

**(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 30 to the financial statements.



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**Notes to the Financial Statements for the year ended 31 March 2021**

**(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 28 to the financial statements.

**2B. Recent Accounting pronouncement issued but not yet effective**

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

Amendments to Schedule III of Companies Act, 2013 (as amended):

The Ministry of Corporate Affairs ("MCA") through a notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 01, 2021. The key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- (i) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- (ii) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- (iii) Specified format for disclosure of shareholding of promoters.
- (iv) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- (v) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- (vi) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.



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Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive, and the Company will evaluate the same to give effect to them as required by law.





**MALCO Energy Limited**

**Notes to the Financial Statements for the year ended 31 March 2021**

**3 Property, plant and equipment**

	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
<b>Cost</b>					
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
Additions	-	-	-	-	-
Disposals	12	0*	0*	-	12
At 31 March 2021	14,574	26	0*	115	14,715
<b>Depreciation</b>					
At 31 March 2019	4,536	24	0*	89	4,649
Depreciation charge for the year	424	1	-	1	426
Disposals	1	0*	-	-	1
At 31 March 2020	4,959	25	0*	90	5,074
Depreciation charge for the year	423	1	-	0*	424
Disposals	6	0*	0*	-	6
At 31 March 2021	5,376	26	-	90	5,492
<b>Net book value</b>					
At 31 March 2020	9,627	1	-	25	9,653
At 31 March 2021	9,198	-	-	25	9,223

**4 Intangible assets**

	Rs. Lakhs	
	Computer Software	Total
<b>Cost</b>		
At 31 March 2019	39	39
Additions	-	-
Disposals	-	-
At 31 March 2020	39	39
Additions	-	-
Disposals	-	-
At 31 March 2021	39	39
<b>Amortisation</b>		
At 31 March 2019	28	28
Amortisation	11	11
At 31 March 2020	39	39
Amortisation	-	-
At 31 March 2021	39	39
<b>Net book value</b>		
At 31 March 2020	-	-
At 31 March 2021	-	-

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



**MALCO Energy Limited**  
Notes to the Financial Statements for the year ended 31 March 2021

**5 Investments**

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
<b>Non current</b>		
<b>Unquoted equity shares</b>		
Investments in subsidiaries (At cost less impairment, if any)		
33,590,300 (31 March 2020: 33,590,300) equity shares of Fujairah Gold FZC	613,660	613,660
Less : Provision for impairment of investments (refer note 34)	(613,660)	(613,660)
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Current</b>		
<b>Investment carried at fair value through Profit and Loss</b>		
<b>Unquoted</b>		
Investment in mutual funds	196	14,811
<b>Total</b>	<b>196</b>	<b>14,811</b>
Aggregate value of unquoted investments	196	14,811
Aggregate amount of impairment in value of investment	613,660	613,660

**6 Others financial assets - non current**

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
Security deposits	38	49
Less : Impairment allowance	(25)	(10)
<b>Security deposits (net)</b>	<b>13</b>	<b>39</b>
<b>Break-up for security details:</b>		
Unsecured considered good	13	39
Security deposits- credit impaired	25	10
<b>Total</b>	<b>38</b>	<b>49</b>
Less : Impairment allowance	(25)	(10)
<b>Total</b>	<b>13</b>	<b>39</b>

**7 Other non-current assets**

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
Balance with government authorities	1,493	1,466
<b>Total</b>	<b>1,493</b>	<b>1,466</b>

**8 Inventories (At lower of cost and net realisable value)**

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
Raw materials	2	2
Stores and spares	164	166
<b>Total</b>	<b>166</b>	<b>168</b>

**9 Trade receivables**

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
Trade receivables	591	2,082
Less: Impairment allowance	(591)	(603)
<b>Trade receivables (net)</b>	<b>-</b>	<b>1,479</b>
<b>Break-up for security details:</b>		
Unsecured, considered good	-	1,479
Trade receivables- credit impaired	591	603
<b>Total</b>	<b>591</b>	<b>2,082</b>
Less: Impairment allowance	(591)	(603)
<b>Total</b>	<b>-</b>	<b>1,479</b>
<b>Movement in impairment allowance on trade receivables:</b>		
Balance at the beginning of the year	(603)	(603)
Allowances/(write back) during the year	12	-
Written off against past provision	-	-
<b>Balance at the end of the year</b>	<b>(591)</b>	<b>(603)</b>

**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.



MALCO Energy Limited  
Notes to the Financial Statements for the year ended 31 March 2021

10 Cash and cash equivalents

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
Balances with banks - on current account	251	236
<b>Total</b>	<b>251</b>	<b>236</b>

**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 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
Fixed deposits with maturity greater than 3 months*	23	24
<b>Total</b>	<b>23</b>	<b>24</b>

\*Fixed deposit is against bank guarantee given to government authorities.

12 Other financial assets - Current

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
Unsecured, considered good Due from related parties (refer note 29)	14	60
Loan to related party (refer note 29)	21,016	-
<b>Total</b>	<b>21,030</b>	<b>60</b>

13 Other current assets

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
Unsecured, considered good		
Balance with government authorities	76	76
Gratuity fund (refer note 30)	22	16
Leave encashment fund	35	35
Prepaid expenses	12	10
Advances to suppliers	12	9
Others	17	11
<b>Total</b>	<b>174</b>	<b>157</b>

14 Share capital

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
<b>(a) Authorised shares</b>		
880,000,000 (March 31, 2020: 880,000,000) equity shares of Rs. 2 each	17,600	17,600
1,250,000 (March 31, 2020: 1,250,000) preference shares of Rs. 1000 each	12,500	12,500
<b>(b) Issued, subscribed and fully paid up shares :</b>		
23,366,406 (March 31, 2020: 23,366,406) equity shares of Rs. 2 each	467	467
	<b>467</b>	<b>467</b>

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

	31 March 2021		31 March 2020	
	No. of shares	Amount Rs. Lakhs	No. of shares	Amount Rs. Lakhs
Balance as at the beginning of the year	23,366,406	467	23,366,406	467
Balance as at the end of the year	23,366,406	467	23,366,406	467

**(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**  
Out of equity shares issued by the company, shares held by its holding company is as follows:

	31 March 2021		31 March 2020	
	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 2021		31 March 2020	
	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.



**MALCO Energy Limited**

Notes to the Financial Statements for the year ended 31 March 2021

**15 Other equity**

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
<b>(a) Securities premium account</b>		
Balance as at the beginning of the year	9,992	9,992
<b>Balance as at the end of the year</b>	<b>9,992</b>	<b>9,992</b>
<p>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.</p>		
<b>(b) Retained earning</b>		
Balance as at the beginning of the year	(601,028)	(577,921)
Add: Profit/(Loss) for the year	4,528	(23,111)
Actuarial remeasurement (loss)/gain for the year through OCI	5	4
<b>Balance as at the end of the year</b>	<b>(596,495)</b>	<b>(601,028)</b>
<p>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.</p>		
<b>(c) Instruments entirely equity in nature - compulsorily convertible debentures (refer note below)</b>		
As at beginning of the year	613,545	613,545
Issued during the year	-	-
<b>Balance as at the end of the year</b>	<b>613,545</b>	<b>613,545</b>
<b>Total Other Equity (a+b+c)</b>	<b>27,042</b>	<b>22,509</b>

The Company had issued 61,354,483 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 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
Trade payables		
(i) Total outstanding dues of micro and small enterprises (refer note 33)	1	1
(ii) Total outstanding dues of creditors other than micro and small enterprises	84	93
<b>Total</b>	<b>85</b>	<b>94</b>

**17 Others financial liabilities - Current**

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
<b>Current</b>		
Liability for capital expenditure	96	96
Employee payables	-	8
<b>Total</b>	<b>96</b>	<b>104</b>

**18 Other current liabilities**

	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 Rs. Lakhs
Claims and other payables	5,456	5,416
Statutory liabilities	9	6
Advance from customers	9	9
<b>Total</b>	<b>5,474</b>	<b>5,431</b>



**MALCO Energy Limited**

**Notes to the Financial Statements for the year ended 31 March 2021**

**19 Revenue from operations**

	Year ended 31 March 2021 Rs. Lakhs	Year ended 31 March 2020 Rs. Lakhs
Revenue from contract with customers	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**20 Other income**

	Year ended 31 March 2021 Rs. Lakhs	Year ended 31 March 2020 Rs. Lakhs
Gain on sale/fair valuation of current investment measured at FVTPL	112	879
Interest income		
- on bank deposits	1	3
- on loan to related party (refere note 29)	1,098	-
- from customer	4,659	-
- others	1	3
Other non operating income	7	8
Profit on sale of fixed assets	-	0*
<b>Total</b>	<b>5,878</b>	<b>893</b>

**21 Employee benefits expense**

	Year ended 31 March 2021 Rs. Lakhs	Year ended 31 March 2020 Rs. Lakhs
Salaries, wages and bonus	108	92
Contributions to provident and other funds	11	6
Staff welfare expenses	9	12
<b>Total</b>	<b>128</b>	<b>110</b>

**22 Depreciation and amortization expense**

	Year ended 31 March 2021 Rs. Lakhs	Year ended 31 March 2020 Rs. Lakhs
Depreciation on tangible assets	424	426
Amortization on intangible assets	-	11
<b>Total</b>	<b>424</b>	<b>437</b>

**23 Other expenses**

	Year ended 31 March 2021 Rs. Lakhs	Year ended 31 March 2020 Rs. Lakhs
Consumption of stores and spares	3	3
Repairs and maintenance		
- Plant and machinery	7	13
Rates And taxes	105	33
Provision for bad and doubtful debts/advances (net)	3	10
Insurance	19	14
Travelling and conveyance	3	7
Loss on sale/discard of property, plant and equipment	6	-
Payment to auditors (refer details below)	5	5
Security service charges	45	40
Legal and professional fees	253	17
CSR expenditure (refer details below)	-	1
Business promotion expenses	248	-
Miscellaneous expenses	10	4
<b>Total</b>	<b>707</b>	<b>147</b>

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



**MALCO Energy Limited**

**Notes to the Financial Statements for the year ended 31 March 2021**

**Payment to auditors (exclusive of applicable taxes)**

	Year ended 31 March 2021 Rs. Lakhs	Year ended 31 March 2020 Rs. Lakhs
For statutory audit fee	5	5
Other services - certification fees	0*	0*
<b>Total</b>	<b>5</b>	<b>5</b>

**Details of CSR expenditure**

	Year ended 31 March 2021 Rs. Lakhs	Year ended 31 March 2020 Rs. Lakhs
(a) Gross amount required to be spent by the Company during the year	-	-
(b) Amount approved by the Board to be spent during the year	-	1
(c) Amount spent during the year on		
(i) Construction/acquisition of any asset		
- in cash	-	-
- yet to be paid in cash	-	-
- Total (i)	-	-
(ii) On purposes other than (i) above		
- in cash	-	1
- yet to be paid in cash	-	-
- Total (ii)	-	-
<b>Total (i+ii)</b>	<b>-</b>	<b>1</b>

**24 Exceptional items**

	Year ended 31 March 2021 Rs. Lakhs	Year ended 31 March 2020 Rs. Lakhs
Impairment of investments (refer note 34)	-	23,212
<b>Total</b>	<b>-</b>	<b>23,212</b>

**25 Tax expenses**

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

	Year ended 31 March 2021 Rs. Lakhs	Year ended 31 March 2020 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 2021 Rs. Lakhs	Year ended 31 March 2020 Rs. Lakhs
Accounting profit before tax	4,528	(23,111)
Statutory income tax rate	34.94%	34.94%
Tax at statutory income tax rate	1,582	(8,076)
Impairment on investment- disallowable expense	-	8,111
Utilisation of tax losses	(1,582)	(35)
<b>Income tax charge for the year</b>	<b>-</b>	<b>-</b>

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



**MALCO Energy Limited**

**Notes to the Financial Statements for the year ended 31 March 2021**

**(c) Deferred tax assets/liabilities**

Deferred tax relates to the following:

**For the year ended 31 March 2021**

	Rs. Lakhs		
Significant components of deferred tax (assets) & liabilities	Opening balance as at April 1, 2020	Charged / (credited) to statement of profit or loss	Closing balance as at March 31, 2021
Property, plant and equipment	1,969	61	2,030
Timing difference of disallowance made u/s 43B	(8)	(8)	(16)
Impairment loss recognized on trade receivable	(214)	(1)	(215)
Effect of measuring investments at fair value through profit and loss	99	(99)	0*
Unabsorbed depreciation/business loss	(1,846)	47	(1,799)
<b>Net deferred tax (assets)/liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

**For the year ended 31 March 2020**

	Rs. Lakhs		
Significant components of deferred tax (assets) & liabilities	Opening balance as at April 1, 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	(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)
<b>Net deferred tax (assets)/liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

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. 66,361 Lakhs, Rs. 67,947 Lakhs as at March 31, 2021, March 31, 2020 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, 2021	Unabsorbed depreciation	-	-	66,361	66,361
March 31, 2020	Unabsorbed depreciation	-	-	67,947	67,947

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



MALCO Energy Limited  
Notes to the Financial Statements for the year ended 31 March 2021

26 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 2021	Carrying amount			Rs. Lakhs	
	FVTPL <sup>\$</sup>	FVTOCI <sup>\$\$</sup>	Amortised cost	Total carrying value	Total fair Value
<b>Financial assets*</b>					
Other bank balances	-	-	23	23	23
Cash and cash equivalents	-	-	251	251	251
Investments - current	196	-	-	196	196
Other financial asset - non current	-	-	13	13	13
Other financial asset - current	-	-	21,030	21,030	21,030
<b>Total</b>	<b>196</b>	<b>-</b>	<b>21,317</b>	<b>21,513</b>	<b>21,513</b>
<b>Financial liabilities</b>					
Trade payables	-	-	85	85	85
Other financial liabilities - current	-	-	96	96	96
<b>Total</b>	<b>-</b>	<b>-</b>	<b>181</b>	<b>181</b>	<b>181</b>

As at 31 March 2020	Carrying amount			Rs. Lakhs	
	FVTPL <sup>\$</sup>	FVTOCI <sup>\$\$</sup>	Amortised cost	Total carrying value	Total fair value
<b>Financial assets*</b>					
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
<b>Total</b>	<b>14,811</b>	<b>-</b>	<b>1,838</b>	<b>16,649</b>	<b>16,649</b>
<b>Financial liabilities</b>					
Trade payables	-	-	94	94	94
Other financial liabilities - current	-	-	104	104	104
<b>Total</b>	<b>-</b>	<b>-</b>	<b>198</b>	<b>198</b>	<b>198</b>

\$ - 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 management 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

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 2021	Fair value			Rs. Lakhs
	Level 1	Level 2	Level 3	Total
<b>Financial assets*</b>				
Investments - current	196	-	-	196
<b>Total</b>	<b>196</b>	<b>-</b>	<b>-</b>	<b>196</b>
<b>As at 31 March 2020</b>				
<b>Financial assets*</b>				
Investments - current	14,811	-	-	14,811
<b>Total</b>	<b>14,811</b>	<b>-</b>	<b>-</b>	<b>14,811</b>

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





**MALCO Energy Limited**  
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**C. Financial risk management**

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

**(a) Liquidity**

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

As at 31 March 2021					Rs. Lakhs
Financial liabilities	<1 year	1-2 Years	2-5 Years	> 5 Years	Total
Trade payables	85	-	-	-	85
Other financial liabilities - Current	96	-	-	-	96
<b>Total</b>	<b>181</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181</b>

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
<b>Total</b>	<b>198</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198</b>

**(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 manageable risk.

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

As at 31 March 2021				Rs. Lakhs
	Floating rate financial assets	Fixed rate financial assets	Non interest bearing financial assets	Total financial assets
Other financial assets - non current	-	13	-	13
<b>Total financial assets - non current</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>13</b>
Investments - current*	196	-	-	196
Cash and cash equivalents	-	-	251	251
Other financial assets - Current	-	21,016	14	21,030
Other bank balances	-	23	-	23
<b>Total financial assets - current</b>	<b>196</b>	<b>21,039</b>	<b>265</b>	<b>21,500</b>

				Rs. Lakhs
	Floating rate financial liabilities	Fixed rate financial liabilities	Non interest bearing financial liabilities	Total financial liabilities
Trade payables	-	-	85	85
Other financial liabilities - current	-	-	96	96
<b>Total financial liabilities - current</b>	<b>-</b>	<b>-</b>	<b>181</b>	<b>181</b>

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
<b>Total financial assets - non current</b>	<b>-</b>	<b>23</b>	<b>16</b>	<b>39</b>
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
<b>Total financial assets - current</b>	<b>14,811</b>	<b>24</b>	<b>1,775</b>	<b>16,610</b>

\*Other than investment in subsidiary company



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	Rs. Lakhs			
	Floating rate financial liabilities	Fixed rate financial liabilities	Non interest bearing financial liabilities	Total financial liabilities
Trade payables	-	-	94	94
Other financial liabilities	-	-	104	104
<b>Total financial liabilities - current</b>	<b>-</b>	<b>-</b>	<b>198</b>	<b>198</b>

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.

Increase in interest rates	Rs. Lakhs			
	Effect on pre-tax profit/(loss) during the year ended		Effect on pre-tax profit/(loss) Mar during the year ended	
	31 2021		31 2020	
0.50%	1		74	
1.00%	2		148	
2.00%	4		296	

**(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, 2021 that defaults in payment obligation will occur except as described in Note 6 & Note 9 for other financial assets - non current & trade receivables respectively.

Of the year end trade receivables and other financial assets balances, the following, though overdue, are not considered impaired as at 31 March 2021, 31 March 2020;

	As at 31 March 2021	As at 31 March 2020
Not past due	21,030	60
Due less than 1 month	-	-
Due between 1-3 months	-	-
Due between 3-12 months	-	-
More than 12 months	13	1,518
<b>Total</b>	<b>21,043</b>	<b>1,578</b>

**(d) Foreign currency risk**

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

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

	As at 31 March 2021		As at 31 March 2020	
	Financial Assets*	Financial Liabilities	Financial Assets*	Financial Liabilities
USD	-	-	-	-
INR	21,513	181	16,649	198
<b>Total</b>	<b>21,513</b>	<b>181</b>	<b>16,649</b>	<b>198</b>

\* 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 2021 and 31st March 2020, there are no outstanding derivatives positions.



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**Notes to the Financial Statements for the year ended 31 March 2021**

**27 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:

Particulars	Rs. Lakhs	
	31 March 2021	31 March 2020
Cash and cash equivalents	251	236
Other bank balances	23	24
Short term investments	196	14,811
<b>Total cash (a)</b>	<b>470</b>	<b>15,071</b>
Short-term borrowings	-	-
Long-term borrowings	-	-
<b>Total debt (b)</b>	<b>-</b>	<b>-</b>
Equity	27,509	22,976
Net debt (c= b-a)	-	-
<b>Total capital (equity + net debt)</b>	<b>27,509</b>	<b>22,976</b>
Gearing Ratio	-	-

**28 Contingent liabilities and Commitments**

**(a) Contingent Liabilities**

(1) Claims not acknowledged by the company	Rs. Lakhs	
	31 March 2021	31 March 2020
(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
	<b>16,220</b>	<b>16,220</b>

**Note :**

- 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.
- 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 licensee 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.
- 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.
- 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.



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

**(II) Bank guarantees**

	Rs. Lakhs	
	31 March 2021	31 March 2020
Bank guarantees	23	23
	<u>23</u>	<u>23</u>

**(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 2020: Rs. Nil).

**29 Related party disclosures**

**(a) Details of related parties**

Description of relationship	Name of the related parties
<b>(i) Where control exists</b>	
Holding Company	Vedanta Limited
Intermediate Holding Company	Volcan Investments Limited Vedanta Resources Holdings Limited
Ultimate Holding Company	Vedanta Resources Limited
Subsidiary Company	Fujairah Gold FZC
<b>(ii) Other related parties</b>	
Key management personnel	Mr. Pankaj Kumar- Director (w.e.f. June 1, 2019) Mr. C Murugeswaran - Director (upto October 30, 2020) Mr. Anand Soni - Director (w.e.f October 30, 2020) Ms. A Sumathi - Director Mr. P Ramnath (upto July 23, 2019)

**(b) Transactions with related parties during the year**

Particulars	Rs. Lakhs	
	31 March 2021	31 March 2020
<b>Vedanta Limited</b>		
Reimbursement of expenses	18	20
Recovery of expenses	3	46
Interest income	1,098	-
Loan advanced	20,000	-
<b>Fujairah Gold</b>		
Impairment of investment	-	23,212

**(c) Outstanding balances at period end**

Particulars	Rs. Lakhs	
	31 March 2021	31 March 2020
<b>Vedanta Limited</b>		
Other financial assets - current		
- Loan advanced	21,016	-
- other receivables	14	60
<b>Total</b>	<u>21,030</u>	<u>60</u>



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

**30 Employee benefit**

**i. Defined contribution plan**

The Company contributed a total of Rs 5.13 Lakhs for the year ended March 31, 2021 and Rs. 5.50 Lakhs for the year ended March 31, 2020 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 2021 and 2020) 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:**

	<u>Defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Funded status</u>
<b>At 31 March 2019</b>	<b>(37)</b>	<b>50</b>	<b>13</b>
Current service cost	(2)	-	(2)
Net interest expense	(3)	4	1
<b>Included in Statement of Profit and Loss</b>	<b>(5)</b>	<b>4</b>	<b>(1)</b>
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)
Actuarial changes arising from changes in experience adjustments	7	-	7
<b>Included in OCI</b>	<b>4</b>	<b>0*</b>	<b>4</b>
Benefits paid	-	-	-
Contribution by employer	-	-	-
<b>At 31 March 2020</b>	<b>(38)</b>	<b>54</b>	<b>16</b>
Current service cost	(1)	-	(1)
Net interest expense	(2)	4	2
<b>Included in Statement of Profit and Loss</b>	<b>(3)</b>	<b>4</b>	<b>1</b>
Return on plan assets (excluding amounts included in net interest expense)	-	0*	0*
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	0*	-	0*
Actuarial changes arising from changes in experience adjustments	5	-	5
<b>Included in OCI</b>	<b>5</b>	<b>0*</b>	<b>5</b>
Benefits paid	-	-	-
Contribution by employer	-	-	-
<b>At 31 March 2021</b>	<b>(36)</b>	<b>58</b>	<b>22</b>



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

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

	31 March 2021	31 March 2020
Discount rate	6.90%	6.80%
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 (2012 - 14)

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

Assumptions	Rs. Lakhs	
	31 March 2021	31 March 2020
Sensitivity level		
0.5% Increase in discount rate	(2)	(1)
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 (Funded and Unfunded) is as follows:

Year	31 March 2021	31 March 2020
Within 1 Year	0.65	4.87
Between 1 and 2 years	0.60	0.57
Between 2 and 3 years	0.57	0.53
Between 3 and 4 years	0.58	0.51
Between 4 and 5 years	8.36	0.52
Beyond 5 years	25.92	30.79

The contribution expected to be made by the Company during the financial year 2021-22 is 1 lakh (31st March, 2021 : 1 lakh).

The average duration of the defined benefit obligation is 12.73 years and 11.16 years as on March 31, 2021 and March 31, 2020 respectively.

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



**MALCO Energy Limited**  
Notes to the Financial Statements for the year ended 31 March 2021

**31 Earnings per share**

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

Particulars	31 March 2021 Rs. Lakhs	31 March 2020 Rs. Lakhs
Profit / (Loss) attributable to the equity shareholders for Basic EPS	4,528	(23,111)
Add: Adjustment for Diluted Instrument	-	-
<b>Profit / (Loss) attributable to equity holders adjusted for Diluted EPS</b>	<b>4,528</b>	<b>(23,111)</b>
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
<b>Weighted average number of Equity shares adjusted for the effect of dilution</b>	<b>154,662,683</b>	<b>154,662,683</b>
<b>Earning per share - Basic (Rs.)</b>	<b>19.38</b>	<b>(98.91)</b>
<b>Earning per share - Dilutive (Rs.)</b>	<b>2.93</b>	<b>(98.91)</b>

**32 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 2021	31 March 2020
India	10,716	11,119
Outside India	-	-
	<b>10,716</b>	<b>11,119</b>

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

Particulars	As at 31 March 2021 Rs. Lakhs	As at 31 March 2020 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	-	-



**MALCO Energy Limited**  
**Notes to the Financial Statements for the year ended 31 March 2021**

- 34 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 erstwhile Cairn India Limited ('Cairn India').

In addition, during the financial year 2016-17, the Company acquired balance stake of 2.04% from the then 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 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.

Consequently, 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 had 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 the statement of changes in equity.

Further, an additional impairment provision of Rs.232.12 crores (USD 264.2 million) recognised in FY 2019-20 based on annual assessment of impairment and charged to statement of profit & loss. 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 was 13.55%.

On an annual assessment of impairment, there are no updates during the current year in respect of impairment provisions recognised in earlier periods and accordingly impairment provision of Rs.6,136.60 crore against investment in Fujairah continued as at March 31, 2021.

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

As per our report of even date

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

  
per Vikram Mehta  
Partner  
Membership No. - 105938

Place : Mumbai  
Date : May 12, 2021



For and on behalf of Board of Directors

  
P Kumar  
Director  
DIN 08460825

Place : Tuticorin  
Date : May 12, 2021

  
Anand Soni  
Director  
DIN 08943563

Place : Tuticorin  
Date : May 12, 2021