WEATHERING THE STORM

MEGHALAYA POWER LIMITED | ANNUAL REPORT **2017-18**

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Content

Corporate Information

CIN: U40108ML2002PLC006921

Board of Directors

Sanjay Kumar Agarwal, Managing Director
Sajjan Bhajanka, Director
Prem Kumar Bhajanka, Director
Rangbahduh Khonglah, Director
Lamshwa Kyndoh, Director
Mangilal Jain, Director
Pramod Kumar Shah, Director

Company Secretary

Debabrata Thakurta
(w.e.f. 03.08.2017)

Chief Financial Officer

Bishal Kumar Agarwal
(w.e.f. 06.02.2018)

Auditors

M/s. D.K.Chhajer & Co.
Chartered Accountants
Nilhat House,
11, R. N. Mukherjee Road, Kolkata – 700001

Bankers

State Bank of India
Bank of Baroda

Registered Office & Works

Vill:-Lumshnong, P.O.Khaliehriat
Distt:- East Jaintia Hills
Meghalaya – 793 210

Corporate Office

'Satyam Towers' 1st Floor, Unit No. 9B
3, Alipore Road
Kolkata – 700 027

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting Sixteenth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2018 and the Statement of Profit & Loss for the year ended on that date.

INDIAN ACCOUNTING STANDARDS

As per notification dated 16th February, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April, 2017. Accordingly, Financial statements for the year ended 31st March, 2017 have been restated to conform to Ind AS. The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in the notes to accounts.

FINANCIAL HIGHLIGHTS

The highlights of the financial performance of the Company for the financial year ended 31st March, 2018 as compared to the previous financial year are as under:-

(₹ In lacs)

Particulars	2017-18	2016-17
Net Sales/Income	11,494.56	10,391.67
Profit before Depreciation, Interest and Tax	3,710.67	4,432.34
Depreciation	1,670.71	1,812.63
Interest & Finance Charges	985.69	1,115.29
Profit/(Loss) before Tax	1,054.27	1,504.42
-Current Tax	204.28	318.19
-Deferred Tax	(282.13)	(74.26)
Profit/(Loss) after Tax	1,132.12	1,260.49
Other comprehensive income for the year, net of tax	(1.77)	(1.57)
Total comprehensive income for the year	1,130.35	1,258.92

INDUSTRY OUTLOOK

Power is the most fundamental component of infrastructure and crucial for economic growth and welfare of the nation. India is the world's third largest producer and consumer of electricity. Though per capita consumption of electricity is much lower than many countries.

Power Sector of the country is diversified in nature. Power generation varied from conventional sources like coal, oil, hydro, nuclear, lignite, natural gas to viable non-conventional sources like wind, solar etc.,

The total installed capacity of power stations in India stood approximately 3,34,146.91 Mega Watt (MW).

The country is having surplus power generation capacity but due to lack of infrastructural facilities to reach the excess powers to the needy, the Government launched several schemes. Move of the Government by launching of Saubhagya scheme to provide electricity connections to over 40 million families by December 2018 will enhance the development of the sector. The Government's project 'Power for all' has accelerated capacity addition in the country. It is a joint collaboration between the Central Government and the State Government to share funding and ensure growth of the States. Focus of the Government to provide electricity to every home by 2020 while also focusing on ensuring cost of power at affordable price.

OPERATIONAL PERFORMANCE

During the year under review, the company's power generation recorded 1,901 Lacs kwh units as compared to 2,016 Lacs kwh units recorded in the previous year. During the Financial year 2017-18, your Company registered total income of ₹11,494.56 Lacs as compared to ₹10,391.67 Lacs recorded in the previous financial year. Your Company posted PBT of ₹1,054.27 Lacs as against ₹1,504.42 Lacs recorded in the previous financial year.

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2018 was ₹1,713.06 Lacs. During the year under review, the Company has neither issued any shares with differential voting rights nor granted stock options or sweat equity shares.

EXTRACT OF ANNUAL RETURN

In terms of requirement of section 134 (3) (a) of the Companies Act, 2013, the extract of the Annual return in form MGT-9 is annexed herewith and marked **Annexure 1**.

MEETINGS OF THE BOARD

During the year, Five (5) Board Meetings were convened and held on 29th May, 2017, 03rd August, 2017, 11th September, 2017, 13th November, 2017 and 06th February, 2018. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

The composition of the Board and the attendance details of the members are given below:

Name of the Director	Category	No. of Meeting	
		Held	Attended
Mr. Sanjay Kumar Agarwal	Managing Director	5	4
Mr. Sajjan Bhajanka	Non-Executive Director	5	5
Mr. Prem Kumar Bhajanka	Non-Executive Director	5	3
Mr. Lamshwa Kyndoh	Non-Executive Director	5	2
Mr. Rangbahduh Khonglah	Non-Executive Director	5	2
Mr. Mangilal Jain	Independent Director	5	5
*Mr. Manindra Nath Banerjee	Independent Director	5	2
**Mr. Pramod Kumar Shah	Independent Director	5	2

* Mr. Manindra Nath Banerjee, Director of the Company resigned w.e.f 06th September, 2017.

**Mr. Pramod Kumar Shah appointed as an Additional Director in the Independent category w.e.f 13th November, 2017.

MEETINGS OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 6th March, 2018 wherein the performance of the Non-Independent Directors and the Board as a whole was reviewed. The Independent Directors, at their meeting, also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

COMPLIANCE WITH THE SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards as recommended by the Institute of Company Secretaries of India.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement of Section 134 (3) (c) read with section 134 (5) of the Companies Act, 2013, the Directors hereby confirm and state that:

- In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any;
- The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year under review;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on going concern basis;

- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. Mr. Mangilal Jain and Mr. Pramod Kumar Shah are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfill the conditions specified in Section 149 of the Act and the Rules made thereunder about their status as Independent Directors of the Company.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES

The Board has framed a Remuneration Policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management employees. The remuneration policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board and at other executive levels. The remuneration policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.

AUDITORS & AUDITORS' REPORT

M/s. D. K. Chhajer & Co., Chartered Accountants (Firm Registration no. 304138E) Statutory Auditors of the Company, have been appointed by the members at the Fifteenth Annual General Meeting and shall hold office for a period of 5 years from the date of such meeting held on 11th September, 2017.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its manufacturing activity is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) as Cost Auditors of the Company for the financial year ended 31st March, 2018 in the Board Meeting held on 29th May, 2017. The remuneration proposed to be paid to them for the financial year 2017-18, as recommended by audit committee, was ratified in the meeting of shareholders held on 11th September, 2017.

M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) have expressed their willingness and confirmed their eligibility to be appointed as Cost Auditors of the Company for ensuing financial year. The Board, on recommendation of the audit committee has appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) as Cost Auditors of the Company for the financial year 2018-19 subject to ratification of their remuneration by shareholders in the General Meeting of the Company.

The cost audit report for the Financial Year 2016-17 was filed with the Ministry of Corporate Affairs on 26th September, 2017.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, your Company has not made any investment, given any loan or provided any guarantee or security in connection with a loan to any person falling under ambit of Section 186 of the Companies Act, 2013. The details of loans received from the Director of the Company are given in the notes to the Financial Statements

RELATED PARTY TRANSACTIONS

All related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with the Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

RESERVES

During the year under review no amount was transferred to reserves.

DIVIDEND

In order to conserve resources to meet operational requirement, your Directors do not recommend any dividend for the year under review.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in section 134 (3) (m) of the Act and rules framed there under is mentioned below:

(A) Steps taken toward Conservation of energy

- Truck tippler taken in service, as a result CHP efficiency & availability increased.
- During cold light up, Charcoal used to reduce the HSD consumption & light up timing.
- Air blaster installed in all coal bunkers to minimize the coal hanging problem in Boiler. As a result of that, unwanted load reduction is minimized to zero due to coal hanging.
- Installation of LED lights in plant is under progress.
- Plant is running with higher PLF, hence, efficiency of plant as well as percentage auxiliary consumption reduced.
- DCS of unit 2 (43 MW) has been upgraded, as a result Boiler tripping as well as Turbine tripping reduced. Hence plant availability increased and performance of the plant has improved.

(B) Steps taken towards Technical Absorption

- Bed Ash cooler modification for increasing the Boiler efficiency on high ash coal.
- Hydel Plant (2.4 MW) DPR Report prepared & submitted to management
- WHRB (11 MW) & Solar Power Plant (4.0 MW) DPR Report prepared & submitted to management.
- During the year under review, your Company incurred Capital expenditure of NIL (Previous year ₹1.07 lacs) in Research & Development.

(C) Foreign Exchange Earnings And Outgo

During the period under review, there were no Foreign Exchange earnings (Previous Year Nil) and the Foreign Exchange Outgo was ₹2,526.22 lacs (Previous year ₹3,644.71 lacs).

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is committed to communities in remote areas of our geographical map where the Company essentially operates. In this region of North East, your Company has undertaken number of initiatives under its Corporate Social Responsibility program for the upliftment of society and culture thereby creating basic amenities for the rural people. In the year 2017-18, the Company had contributed in the following verticals:

Sustainable Livelihood & Skill Building

- Company has introduced scientific pig rearing methods amongst the pig farmers and supported them with low cost pigsty, extending training, vaccination of the improved variety of piglets supplied free of cost. This initiative was launched in last year and scaled up by inclusion of new beneficiaries.
- Bee keeping project has been taken up in Lumshnong area as skill oriented initiative with low investment and high employment potential.

Rural Development

- Company used CSR fund to provide captive solar power for electrifying local villages and streets by installing solar street lights, the effect of which is significant.
- Company's Rural Development activities focus on basic rural infrastructure and community development programs like construction of community halls. These halls are providing common platforms to the local people during social gatherings and cultural exchange programs.

Promoting education

- Your Company is promoting education and providing non-formal education to the rural and tribal people through One Teacher School (OTS) i.e., Ekal Vidyalaya run by the Friends of Tribal Society. The projects aims to reach the education to every doorstep of the country

Annual Report on CSR as required to be annexed in terms of requirement of Section 135 of Companies Act, 2013 and rules framed thereunder is annexed herewith and marked **Annexure- 2**.

PERFORMANCE EVALUATION OF THE BOARD

In accordance with the requirements of the Companies Act, 2013, the performance evaluation of the Board was carried out during the year under review. The Board follows a formal mechanism for the evaluation of the performance of the Board as well as Committee. The evaluation reflected the overall engagement of the Board and the Committee.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its

Committees, Board culture, execution and performance of specific duties, obligations and governance.

The Nomination and Remuneration Committee at its meeting established the criteria based on which the Board evaluate the performance of the Directors.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Non-Independent Directors and Board as a whole was also carried out by the Independent Directors.

The Directors expressed their satisfaction over the evaluation process and results thereof.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Manindra Nath Banerjee resigned as Independent Director with effect from 06th September, 2017. The Board places on record its appreciation for the services rendered by Mr. Banerjee during his tenure with the Company.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 13th November, 2017 appointed Mr. Pramod Kumar Shah (DIN: 00343256) as Additional Director in the Independent category with effect from 13th November, 2017 for a term of 3 years subject to regularization/approval of the shareholders in the ensuing Annual General Meeting.

Mr. Manoj Agarwal resigned as Company Secretary and Key Managerial Personnel with effect from 2nd August, 2017. The Board places on record its appreciation for the services rendered by Mr. Agarwal during his tenure as Company Secretary. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 3rd August, 2017 appointed Mr. Debabrata Thakurta as Company Secretary and Key Managerial Personnel of the Company.

Mr. Vishal Agarwal resigned as Chief Financial Officer (KMP) w.e.f. 30th November, 2017. The Board places on record its appreciation for the valuable services rendered by Mr. Vishal Agarwal during his tenure with the Company. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 06th February, 2018 appointed Mr. Bishal Kumar Agarwal as Chief Financial Officer and Key Managerial Personnel of the Company.

In accordance with the provisions of Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Mr. Prem Kumar Bhajanka, Director, will retire by rotation and being eligible, offers himself for re-appointment. In view of his considerable experience, your Directors recommend his re-appointment as Director of the Company.

The following personnel are Key Managerial Personnel of the Company:

1. Mr. Sanjay Kumar Agarwal - Managing Director
2. Mr. Bishal Kumar Agarwal - Chief Financial Officer
3. Mr. Debabrata Thakurta - Company Secretary

HOLDING COMPANY

M/s. Star Cement Limited (Formerly Cement Manufacturing Company Limited) continues to remain the Holding Company with a stake of 51% in your Company. Your Company continues to have long term power supply agreement with its holding Company for supply of power to the holding Company and its other subsidiaries.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The Company does not have any subsidiary, associate and joint venture. However, your Company continues to remain Associate Company of M/s. Shyam Century Ferrous Limited as defined under section 2 (6) of the Companies Act, 2013.

DEPOSITS

During the year under report, the Company has not accepted any deposits from public or from any of the Directors of the Company or their relatives falling under ambit of Section 73 of the Companies Act, 2013.

CHANGES IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATIONS

During the year under review, there have been no material orders passed by the Regulators/Courts impacting materially the going concern status or future operations of the Company.

There were no material changes and commitments affecting the financial position of the Company during the period under review.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, 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.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

The Company values the integrity and dignity of its employees. The Company has put in place a 'Policy on Prevention of Sexual Harassment' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). We affirm that adequate access has been provided to any complainants who wish to register a complaint under the policy. No complaint was received during the year.

RISK MANAGEMENT

Risk management refers to the practice of identifying potential risks in advance, analysing them and taking precautionary steps to reduce the risk. The Company has evolved a risk management framework to identify, assess and mitigate the key risk factors of the business. The Board of the Company is kept informed about the risk management of the Company.

OCCUPATIONAL HEALTH & SAFETY

In pursuit of ensuring no harm anywhere to anyone associated with Company, Occupational Health & Safety remains the Company's top priority. Your Company has put in place various safety measures for maintaining high standards of occupational health and safety at its unit. Workshops on safety measures are conducted on a regular basis to ingrain the philosophy of "safety first" amongst the employees and workers of the Company. Awareness on safety measures are also spread through regular interactions with the stakeholders through quiz competitions, elocution on safety, paintings and other methods.

COMMITTEES OF THE BOARD

The details of composition of the Committees of the Board of Directors are as under:

a. Audit Committee

Your Company has an Audit Committee at the Board level, which acts as a link between the management, the statutory and internal auditors and the Board of Directors to oversee the financial reporting process.

During the year under review, the Audit Committee met Four (4) times to deliberate on the various matters. The Meetings were held on 29th May, 2017, 03rd August, 2017, 13th November, 2017 and 06th February, 2018. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Manindra Nath Banerjee*	Independent	Chairman	4	2
Mr. Pramod Kumar Shah**	Independent	Chairman	4	1
Mr. Mangilal Jain	Independent	Member	4	4
Mr. Sajjan Bhajanka	Non-Independent	Member	4	4

* Mr. Manindra Nath Banerjee, Director of the Company resigned w.e.f 06th September, 2017.

**Mr. Pramod Kumar Shah appointed as an Additional Director in the Independent Category w.e.f 13th November, 2017.

A Vigil (Whistle Blower) mechanism provides a formal mechanism to the Employees and Directors to report to the Management, concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. Pursuant to the requirements of the Act, the Company has established vigil mechanism for its directors and employees under the supervision of audit committee. A Whistle Blower Policy setting out the vigil mechanism is already in place in your Company.

b. Nomination & Remuneration Committee

The Committee identifies, screens and reviews individuals who are qualified to become Directors, Key managerial Personnel and Senior Management staff. The Committee also makes recommendations to the Board for such appointment and removal and carries out evaluation of every director's performance.

During the year under review, the Audit Committee met Four (4) times to deliberate on the various matters. The Meetings were held on 29th May, 2017, 03rd August, 2017, 13th November, 2017 and 06th February, 2018. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Mangilal Jain	Independent	Chairman	4	4
Mr. Manindra Nath Banerjee *	Independent	Member	4	2
Mr. Pramod Kumar Shah **	Independent	Member	4	1
Mr. Sajjan Bhajanka	Non- Independent	Member	4	4

* Mr. Manindra Nath Banerjee, Director of the Company resigned w.e.f 06th September, 2017.

**Mr. Pramod Kumar Shah appointed as an Additional Director in the Independent Category w.e.f 13th November, 2017.

c. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is responsible for the implementation / monitoring and review of the policy and the activities undertaken under the CSR policy as framed by the Company.

During the year, the Committee met on 06th February, 2018. The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Mangilal Jain	Independent	Chairman	1	1
Mr. Sanjay Kumar Agarwal	Executive	Member	1	1
Mr. Sajjan Bhajanka	Non- Independent	Member	1	1

HUMAN AND INDUSTRIAL RELATIONS

Employee relationship with your Company continues to remain cordial and harmonious. Your Directors place on record their appreciation for the continued support rendered by the employees of the Company.

The Company is continuing its efforts in induction of local managerial and non-managerial employees and has conducted regular recruitment and training programs for development of required skills at the local level.

PARTICULARS OF EMPLOYEES

The statement containing particulars of employees as required under Section 197 of Companies Act, 2013 read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith and marked **Annexure- 3** and forms part of this report. The Company has no employee whose remuneration exceeds the limit prescribed under section 197 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

ACKNOWLEDGEMENT

The Directors would like to express their grateful appreciation for the assistance and cooperation received from the Banks, financial Institutions, Government Authorities, Local authorities, customers, vendors, business partners/associates and Holding Company for their continued guidance and support.

Your Directors would also like to place on record their sincere appreciation for the commitment, dedication and hard work put in by every member of the Company and dedicates the credit for the Company's achievements to them.

For and on behalf of the Board of Directors

Sanjay Kumar Agarwal
Managing Director
(DIN: 00232938)

Sajjan Bhajanka
Director
(DIN: 00246043)

Place: Kolkata
Date: 17 May, 2018

Annexure – 1

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2018

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1	CIN	U40108ML2002PLC006921
2	Registration Date	Incorporated on 4th October, 2002
3	Name of the Company	Meghalaya Power Limited
4	Category/Sub-category of the Company	Company limited by Shares/ Non - Govt Company
5	Address of the Registered office & contact details	Village: Lumshnong, PO: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210 Phone No. : 03655-278215/16/18
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company are stated

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Power	35102	95.49

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Star Cement Limited (Formerly Cement Manufacturing Company Limited) Village: Lumshnong, PO: Khaliehriat, Dist.: East Jaintia Hills, Meghalaya – 793210	L26942ML2001PLC006663	Holding	51	2(46)

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	15,002	15,002	0.09	-	15,002	15,002	0.09	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	1,70,95,618	1,70,95,618	99.80	-	1,70,95,618	1,70,95,618	99.80	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub -total (A) (1)		1,71,10,620	1,71,10,620	99.89	-	1,71,10,620	1,71,10,620	99.89	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A) = (A) (1) + (A) (2)	-	1,71,10,620	1,71,10,620	99.89	-	1,71,10,620	1,71,10,620	99.89	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	20,000	20,000	0.11	-	20,000	20,000	0.11	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	-	20,000	20,000	0.11	-	20,000	20,000	0.11	-
Total Public shareholding (B) =(B) (1) + (B) (2)	-	20,000	20,000	0.11	-	20,000	20,000	0.11	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1,71,30,620	1,71,30,620	100.00	-	1,71,30,620	1,71,30,620	100.00	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2017]			Shareholding at the end of the year [As on 31-March-2018]			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Star Cement Limited (Formerly Cement Manufacturing Company Limited)	87,36,620	51.00	-	87,36,620	51.00	-	-
2	Shyam Century Ferrous Limited	83,58,998	48.80	-	83,58,998	48.80	-	-
3	Mr. Sajjan Bhajanka	15,000	0.09	-	15,000	0.09	-	-
4	Mr. Rajesh Kumar Agarwal	1	0.00	-	1	0.00	-	-
5	Mr. Hari Prasad Agarwal	1	0.00	-	1	0.00	-	-
	Total	1,71,10,620	99.89	-	1,71,10,620	99.89	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

There are no changes in Promoter's shareholding during the Financial Year 2017-18

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Mr. Bhabok G. Kharkangar**						
	At the beginning of the year	01.04.2017		5,000	0.03	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		5,000	0.03	5,000	0.03
2	**Mr. Brij Bhushan Agarwal**						
	At the beginning of the year	01.04.2017		15,000	0.09	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		15,000	0.09	15,000	0.09

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Mr. Sajjan Bhajanka (Non-Executive Director)**						
	At the beginning of the year	01.04.2017		15,000	0.09	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		15,000	0.09	15,000	0.09
2	**Mr. Sanjay Kumar Agarwal (Managing Director)**						
	At the beginning of the year	01.04.2017		-	-	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		-	-	-	-
3	**Mr. Prem Kumar Bhajanka (Non-Executive Director)**						
	At the beginning of the year	01.04.2017		-	-	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		-	-	-	-
4	**Mr. Mangilal Jain (Independent Director)**						
	At the beginning of the year	01.04.2017		-	-	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		-	-	-	-
5	**Mr. Manindra Nath Banerjee (Independent Director upto 06.09.2017)**						
	At the beginning of the year	01.04.2017		-	-	-	-
	Changes during the year			No changes during the year			
	At the end of the year	06.09.2017		-	-	-	-
6	**Mr. Rangbahaduh Khonglah (Non-Executive Director)**						
	At the beginning of the year	01.04.2017		-	-	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		-	-	-	-
7	**Mr. Lamshwa Kyndoh (Non-Executive Director)**						
	At the beginning of the year	01.04.2017		-	-	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		-	-	-	-
8	**Mr. Pramod Kumar Shah (Independent Director from 13.11.2017)**						
	At the beginning of the year	13.11.2017		-	-	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		-	-	-	-
9	**Mr. Vishal Agarwal (Chief Financial Officer upto 30.11.2017)**						
	At the beginning of the year	01.04.2017		-	-	-	-
	Changes during the year			No changes during the year			
	At the end of the year	30.11.2017		-	-	-	-
10	**Mr. Manoj Agarwal (Company Secretary upto 02.08.2017)**						
	At the beginning of the year	01.04.2017		-	-		
	Changes during the year			No changes during the year			
	At the end of the year	02.08.2017		-	-	-	-
11	**Mr. Debabrata Thakurta (Company Secretary from 03.08.2017)**						
	At the beginning of the year	03.08.2017		-	-	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		-	-	-	-
12	**Mr. Bishal Kumar Agarwal (Chief Financial Officer from 06.02.2018)**						
	At the beginning of the year	06.02.2018		-	-	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2018		-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amt. ₹ /Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits**	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9,741.95	4,400.00	-	14,141.95
ii) Interest due but not paid	-	20.37	-	20.37
iii) Interest accrued but not due	0.51	-	-	0.51
Total (i+ii+iii)	**9,742.46**	**4,420.37**	**-**	**14,162.83**
Change in Indebtedness during the financial year #				
Addition	-	-	-	-
Reduction	(3,720.69)	(620.37)	-	(4,341.06)
Net Change	(3,720.69)	(620.37)	-	(4,341.06)
Indebtedness at the end of the financial year				
i) Principal Amount	6,021.26	3,800.00	-	9,821.26
ii) Interest due but not paid	-	63.23	-	63.23
iii) Interest accrued but not due	0.02	-	-	0.02
Total (i+ii+iii)	**6,021.28**	**3,863.23**	**-**	**9,884.51**

** Trade deposits have not been included.

Loss on account of Exchange Fluctuation in respect of Loans in Foreign Currency has been included in addition in indebtedness. Similarly, gain on account of Exchange Fluctuation has been included in Reduction in indebtedness.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amt. ₹ /Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	Mr. Sanjay Kumar Agarwal	(₹/Lac)
	Designation	Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	5% of the net profit i.e. ₹52.56 lacs	

No remuneration is being given to Mr. Sanjay Kumar Agarwal, Managing Director. He was appointed on honorary basis.

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹ /Lac)
		Mr. Mangilal Jain	Mr. Manindra Nath Banerjee*	Mr. Rangabudh Khonglah	Mr. Lamshwa Kyndoh	Mr. Pramod Kr. Shah#	
1	**Independent Directors**						
	Fee for attending Board/ Committee meetings	0.53	0.20	-	-	0.20	0.93
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	**0.53**	**0.20**	**-**	**-**	**0.20**	**0.93**
2	**Other Non-Executive Directors**						**-**
	Fee for attending Board/ Committee meetings	-	-	0.10	0.10	-	0.20
	Commission	-	-	-	-	-	-
	Others (Remuneration paid for availing professional services)	-	-	2.40	6.00	-	8.40
	Total (2)	**-**	**-**	**2.50**	**6.10**	**-**	**8.60**
	Total (B)=(1+2)	**0.53**	**0.20**	**2.50**	**6.10**	**0.20**	**9.53**
	Total Managerial Remuneration						9.53
	Overall ceiling as per the Act	11% of the net profit i.e. ₹115.63 lacs					

* Resigned w.e.f. 06.09.2017

Appointed w.e.f. 13.11.2017

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel				Total Amount (₹ /Lac)
	Name	Mr. Vishal Agarwal#	Mr. Bishal Kumar Agarwal##	Mr. Manoj Agarwal*	Mr. Debabrata Thakurta**	
	Designation	Chief Financial Officer	Chief Financial Officer	Company Secretary	Company Secretary	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.44	1.58	-	-	10.02
	(b) Value of perquisites under section 17(3) of the Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit					
	- others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	**8.44**	**1.58**	**-**	**-**	**10.02**

*Mr. Manoj Agarwal, Company Secretary draws salary from its Holding Company, Star Cement Limited (Formerly Cement Manufacturing Company Ltd.). Resigned w.e.f 02.08.2017

#Resigned w.e.f.30.11.2017

** Appointed w.e.f. 03.08.2017. Mr. Thakurta draws remuneration from Star Cement Limited, holding company

Appointed w.e.f. 06.02.2018

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/Punishments/Compounding of offences for breach of any provisions of the Companies Act, 2013 against the Company or its Directors or other Officer in default during the year.

Annexure – 2

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES/ INITIATIVES

[Pursuant to Section 135 of the Act & Rules made thereunder]

1. **A brief outline of the Company's CSR policy, including overview of the projects or programmes proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programmes:**

   The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013. The main objective of the Policy is to establish the basic principles and the general framework of action for management to undertake and fulfill its Corporate Social Responsibility.

2. **The composition of the CSR Committee:**
   - Mr. Mangilal Jain - Independent Director, Chairman
   - Mr. Sajjan Bhajanka - Non-Executive Director
   - Mr. Sanjay Kumar Agarwal - Executive Director

3. **Average Net Profit of the Company for last 3 financial years:** ₹1,421.37 Lacs

4. **Prescribed CSR expenditure (2% of amount) :** ₹28.43 Lacs

5. **Details of CSR activities/projects undertaken during the year:**

   a) Total amount to be spent for the financial year: ₹28.43 Lacs

   b) Amount un-spent, if any: Nil

   c) Manner in which the amount spent during financial year is detailed below:

(₹ in Lacs)

1	2	3	4	5	6	7	8
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects/ Programs 1.Local area or other 2.Specify the state and district where project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1.Direct expenditure on projects or programs, 2.Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct/ through implementing agency
1.	Promoting education and providing non-formal primary education through cost effective One Teacher school (O.T.S.) i.e. Ekal Vidyalaya to rural and tribal people.	Education	Throughout the Country	37.30	37.30	37.30	Through implementing agency i.e. Friends of Tribal Society and direct
2.	Livelihood enhancement	Livelihood enhancement and skill building	Meghalaya	2.47	2.47	2.47	Through registered trust
3.	Local area and rural development	Rural development	Meghalaya	16.80	16.80	16.80	Through registered trust and direct
	Total			**56.57**	**56.57**	**56.57**	

We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place: Kolkata
Date: 17 May, 2018

Sanjay Kumar Agarwal
Managing Director
(DIN: 00232938)

Mangilal Jain
Chairman – CSR Committee
(DIN: 00353075)

Annexure – 3

Statement of Particulars of Employees pursuant to the Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name of the Employees	Designation	Remuneration Received (₹ in Lacs)	Nature of Employment	Qualification	Experience (Years)	Date of commencement of employment	Age (Years)	Last Employment	% of Equity Share held in the Company	Relation with Director, if any
1	Mr. Arvind Rai	General Manager -Electrical & Instrumentation	26.44	Permanent	B Tech (Electrical)	28	25.07.2004	47	Kalyanpur Cements Limited	NIL	None
2	Mr. Navneet Rathi	Deputy General Manager - Operations & Maintenance	21.26	Permanent	Diploma (Mechanical) & BOE	23	10.04.2015	43	Amrit Cement Limited	NIL	None
3	Mr. Sumanta Chand	Manager - Power Sales	20.59	Permanent	MBA (power management) , B. Tech (Information Technology)	9	20.09.2013	34	Sterlite Energy Limited	NIL	None
4	Mr. Utpal Senapati	Senior Executive - Finance & Accounts	9.69	Permanent	B.Com	13	02.06.2008	38	ITC Limited	NIL	None
5	Mr. Hawaldar	Deputy Manager - Operations & Maintenance	8.81	Permanent	Diploma in Mechanical & Computer Science & BOE Certified	23	26.06.2009	48	Bajaj Hindustan & Sugar India Limited	NIL	None
6	Mr. Shashank Shekhar Mishra	Senior Engineer - Instrumentation	7.56	Permanent	Diploma in Instrumentation Engineering	11	15.11.2008	41	DLF Power Limited	NIL	None
7	Mr. Ashok Kumar	Assistant Engineer - Electrical	7.53	Permanent	ITI Electrical	19	11.10.2008	44	Bajaj Hindustan & Sugar India Limited	NIL	None
8	Mr. Purnendu Vikash Nayak	Senior Officer – Stores & Purchase	7.29	Permanent	B. Sc & ADCA	22	07.11.2005	43	Worthy Plywood Ltd.	NIL	None
9	Mr. Aftab Alam	Junior Engineer	6.56	Permanent	Boiler – 1st class	26	21.12.2011	52	Geep Industrial Syndicate Ltd.	NIL	None
10	Mr. Santosh Kumar Singh	Senior Engineer	6.19	Permanent	Diploma in instrumentation	11	19.05.2011	32	SK Singh Artee Flow Controls Pvt. Ltd.	NIL	None

INDEPENDENT AUDITORS' REPORT

To
the Members of
Meghalaya Power Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Meghalaya Power Limited (the "Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS Financial Statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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) prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143(11) of the Act.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

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 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 31 March, 2018, its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31 March, 2017 and the transition date opening Balance Sheet as at April 1,2016 included in these Standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor, Kailash B. Goel & Co. whose report for the year ended 31 March, 2017 and 31 March, 2016 dated May 29, 2017 and May 2, 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

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 in terms of Section 143(11) of the Act, we give in "Annexure A" 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 purpose of our audit;

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

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

    (d) In our opinion, the acCompanying 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 written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, from being appointed as a director in terms of Section 164(2) of the Act;

    (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements- Refer note-39 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 **D.K. Chhajer& Co**
Chartered Accountants
Firm Registration No. 304138E

Niraj K Jhunjhunwala
Partner
Membership No. 057170

Place: Kolkata
Date: May 17, 2018

Annexure A to Independent Auditors' Report

Referred to in Independent Auditors' Report of even date to the members of Meghalaya Power Limited on the financial statements for the year ended 31st March 2018

i. In respect of the Company's fixed assets:

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

b) The fixed assets of the Company are physically verified by the Management according to a phased programme on a rotational basis, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.

c) On the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory, except goods in transit and materials lying with third parties, which have been substantially confirmed by them, has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable and no material discrepancies were observed.

iii. The Company has not granted loans to one bodies corporate covered in the register maintained under Section 189 of the Companies Act, 2013('the Act'). So the provisions of paragraph 3(iii) are not applicable to the Company.

iv. In our opinion the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31 March, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. We have broadly reviewed the accounts and records 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 Act. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.

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

a) The Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, goods and service tax, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, excise duty, cess and other material statutory dues in arrears as at 31 March, 2018 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to the following dues of duty of excise and service tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (₹ Lakh)	Period to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Service Tax	32.04	2011-12	Deputy Commissioner, Central Excise Shillong

viii. The Company has not defaulted in repayment of loans or borrowings to any financial institution or bank. The Company has not issued any debentures.

ix. The Company has not raised any money by way of initial public offer/further public offer (including debt instruments)/term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. Based on 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 material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. The Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our Opinion and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the 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.

xiv. According the information & explanation given to us and the records of the Company examined by us, no money was raised through preferential allotment/ private placements of shares/fully/partly convertible debentures during the year under review, hence, the provisions of Clause 3(xiv) of the said order is not applicable to the Company.

xv. According the information & explanation given to us and the records of the Company examined by us, Company has not entered into any non-cash transactions with directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **D.K. Chhajer& Co**
Chartered Accountants
Firm Registration No. 304138E

Niraj K Jhunjhunwala
Partner
Membership No. 057170

Place: Kolkata
Date: May 17, 2018

ANNEXURE- B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Meghalaya Power Limited ("the Company") as of 31 March, 2018 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 by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit ofinternal financial controls, both applicable to an audit of

Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the GuidanceNote require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy ofthe internal financial controls system over financial reporting and their operating effectiveness.Our audit of internal financial controls over financial reporting included obtaining anunderstanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on our 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 providea basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policiesand 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 preparationof financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **D.K. Chhajer& Co**
Chartered Accountants
Firm Registration No. 304138E

Niraj K Jhunjhunwala
Partner
Membership No. 057170

Balance sheet as at 31 March, 2018

(₹ In lacs)

Particulars		Notes	31-Mar-18	31-Mar-17	01-Apr-16
ASSETS					
(1) Non-current assets					
(a)	Property, plant and equipment	3	19,676.92	21,211.32	23,024.12
(b)	Capital work-in-progress		646.51	681.25	679.22
(c)	Financial assets				
	(i) Loans	4	1.12	1.00	0.99
(d)	Non current tax assets (net)	5	179.71	25.53	-
(e)	Other non-current assets	6	172.29	167.29	126.18
Total non-current assets			**20,676.55**	**22,086.39**	**23,830.51**
(2) Current assets					
(a)	Inventories	7	4,683.23	4,366.63	3,294.98
(b)	Financial assets				
	(i) Trade receivables	8	961.06	916.73	352.35
	(ii) Cash and cash equivalents	9	152.02	69.69	105.40
(c)	Other current assets	10	333.01	1,843.80	1,943.13
Total current assets			**6,129.32**	**7,196.85**	**5,695.86**
Total assets			**26,805.87**	**29,283.24**	**29,526.37**
EQUITY AND LIABILITIES					
Equity					
(a)	Equity share capital	11	1,713.06	1,713.06	1,713.06
(b)	Other equity	12	11,025.41	9,895.06	8,636.15
Total equity			**12,738.47**	**11,608.12**	**10,349.21**
Liabilities					
(1) Non-current liabilities					
(a)	Financial liabilities				
	(i) Borrowings	13	5,763.98	9,786.23	9,315.97
(b)	Employee benefit obligations	14	27.94	21.05	13.10
(c)	Deferred tax liabilities (net)	15	325.34	608.20	683.52
(d)	Other non current liabilities	16	50.97	480.11	517.72
Total non-current liabilities			**6,168.23**	**10,895.59**	**10,530.31**
(2) Current liabilities					
(a)	Financial liabilities				
	(i) Borrowings	17	1,577.71	1,457.75	2,581.89
	(ii) Trade payables	18	3,119.89	1,828.35	1,600.89
	(iii) Other financial liabilities	19	3,085.74	3,337.35	4,346.86
(b)	Employee benefit obligation	20	16.86	10.98	8.64
(c)	Current tax liabilities (net)	21	-	36.05	34.01
(d)	Other current liabilities	22	98.97	109.05	74.56
Total current liabilities			**7,899.17**	**6,779.53**	**8,646.85**
Total liabilities			**14,067.40**	**17,675.12**	**19,177.16**
Total equity and liabilities			**26,805.87**	**29,283.24**	**29,526.37**
Significant accounting policies		1 & 2			

The accompanying notes are an intergral part of the financial statements

As per our report of the even date

For & On Behalf of Board of Directors

For D. K Chhajer & Co.
Firm Registration No.:304138E
Chartered Accountants

Bishal Kumar Agarwal
Chief Financial Officer

Sanjay Kumar Agarwal
Managing Director
DIN : 00232938

CA Niraj Kumar Jhunjhunwala
Partner
Membership No:057170

Debabrata Thakurta
Company Secretary

Sajjan Bhajanka
Director
DIN : 00246043

Place: Kolkata
Date : 17 May, 2018

Statement of profit and loss for the year ended 31 March, 2018

(₹ In lacs)

Particulars	Notes	31-Mar-18	31-Mar-17
INCOME			
Revenue from operations	23	11,486.79	10,370.72
Other income	24	7.77	20.95
Total Income		**11,494.56**	**10,391.67**
EXPENSES			
Purchase of traded goods		144.78	-
Power inventory (increase)/decrease	25	558.41	(1,351.59)
Excise duty		2.40	5.02
Employee benefit expenses	26	647.38	709.16
Finance costs	27	985.69	1,115.29
Depreciation	28	1,670.71	1,812.63
Other expenses	29	6,430.92	6,596.74
Total Expenses		**10,440.29**	**8,887.25**
Profit before tax		**1,054.27**	**1,504.42**
Tax expenses			
- Current tax	30	204.28	318.19
- Deferred tax		(282.13)	(74.26)
Profit for the year		**1,132.12**	**1,260.49**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurements of post-employment benefit obligations		(2.49)	(2.40)
Income tax relating to these items		0.72	0.83
Other comprehensive income for the year (net of tax)		**(1.77)**	**(1.57)**
Total comprehensive income for the year		**1,130.35**	**1,258.92**
Earnings per equity share			
Basic earning per share (₹ per share)	31	6.61	7.36
Diluted earning per share (₹ per share)	31	6.61	7.36
Significant accounting policies	1 & 2		

The accompanying notes are an intergral part of the financial statements

As per our report of the even date

For & On Behalf of Board of Directors

For D. K Chhajer & Co.
Firm Registration No.:304138E
Chartered Accountants

Bishal Kumar Agarwal
Chief Financial Officer

Sanjay Kumar Agarwal
Managing Director
DIN : 00232938

CA Niraj Kumar Jhunjhunwala
Partner
Membership No:057170

Debabrata Thakurta
Company Secretary

Sajjan Bhajanka
Director
DIN : 00246043

Place: Kolkata
Date : 17 May, 2018

Cash Flow Statement for the year ended 31 March, 2018

(₹ In lacs))

Particulars	31-Mar-18	31-Mar-17
Cash flow from Operating Activities		
Net profit before tax	1054.27	1,504.42
Adjustments for :		
Depreciation	1670.71	1,812.63
Loss / (Gain) on sale of Property Plant & Equipment	3.10	(0.37)
Interest Expenses	985.69	1,115.29
Operating Profit before working Capital changes	**3,713.77**	**4,431.97**
Adjustments for :		
(Increase) / Decrease Trade receivables	(44.32)	(564.40)
(Increase) in Inventories	(316.60)	(1,071.65)
(Increase) / Decrease Loans	(0.12)	(0.02)
(Increase) / Decrease Other assets	1080.71	58.23
Increase / (Decrease) Other payable (Including Trade Payable)	1399.90	(378.80)
Increase / (Decrease) Other liabilities and provision	29.23	222.87
Cash Generated from Operations	**5,862.57**	**2,698.20**
Income Tax Paid	(390.00)	(290.23)
Net cashflow from Operating Activities (A)	**5,472.57**	**2,407.97**
Cash flow from Investing Activities		
Purchase of Property Plant & Equipment (Including WIP) - Net*	(132.24)	115.59
Sale of Property Plant & Equipment	9.86	0.76
Net Cash used in investing Activities (B)	**(122.38)**	**116.35**
Cash Flow from Financing Activities		
Interest Paid	(970.12)	(1,093.59)
Proceeds from / (Repayment of) Long Term Borrowings	(4,417.69)	(342.29)
Proceeds from / (Repayment of) Short Term Borrowings	119.95	(1,124.15)
Net Cash used in Financing Activities (C)	**(5,267.86)**	**(2,560.03)**
Net Increase/(decrease) in cash and cash equivalents (A + B + C)	**82.33**	**(35.71)**
Cash and Cash Equivalents		
Opening Balance	69.69	105.40
Closing Balance	**152.02**	**69.69**

Note-

Significant non cash movement in borrowing during the year include foreign exchange loss of ₹19.89 Lacs.

The accompanying notes are an intergral part of the financial statements

As per our report of the even date

For & On Behalf of Board of Directors

For D. K Chhajer & Co.
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Chartered Accountants

Bishal Kumar Agarwal
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Debabrata Thakurta
Company Secretary

Sajjan Bhajanka
Director
DIN : 00246043

Place: Kolkata
Date : 17 May, 2018

Statement of Changes in Equity for the year ended 31 March, 2018

A. Equity share capital

(₹ In lacs)

Particulars	Amount
As at 1 April, 2016	1,713.06
Changes in equity share capital	-
As at 31 March, 2017	**1,713.06**
Changes in equity share capital	-
As at 31 March, 2018	**1,713.06**

B. Other equity

(₹ In lacs)

Particulars	Reserve and surplus		Total other equity
	Securities premium	Retained earnings	
Balance as at 1 April, 2016	5,232.25	3,403.89	8,636.14
Profit for the year (a)	-	1,260.49	1,260.49
Other comprehensive income/(loss) for the year (net of tax) (b)	-	(1.57)	(1.57)
Total comprehensive income for the year (a + b)	**-**	**1,258.92**	**1,258.92**
Balance as at 31 March, 2017	**5,232.25**	**4,662.81**	**9,895.06**

(₹ In lacs)

Particulars	Reserve and surplus		Total other equity
	Securities premium	Retained earnings	
Balance as at 1 April, 2017	5,232.25	4,662.81	9,895.06
Profit for the year (a)	-	1,132.12	1,132.12
Other comprehensive income/ (loss) for the year (net of tax) (b)	-	(1.77)	(1.77)
Total comprehensive income for the year (a + b)	**-**	**1,130.35**	**1,130.35**
Balance as at 31 March, 2018	**5,232.25**	**5,793.16**	**11,025.41**

The accompanying notes are an intergral part of the financial statements

As per our report of the even date

For & On Behalf of Board of Directors

For D. K Chhajer & Co.
Firm Registration No.:304138E
Chartered Accountants

Bishal Kumar Agarwal
Chief Financial Officer

Sanjay Kumar Agarwal
Managing Director
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Partner
Membership No:057170

Debabrata Thakurta
Company Secretary

Sajjan Bhajanka
Director
DIN : 00246043

Place: Kolkata
Date : 17 May, 2018

Notes to financial statements for the year ended 31 March, 2018

Corporate Information

Meghalaya Power Limited (the Company) is a Public Limited Company domiciled in India and incorporated on 4th October, 2002 as per the provisions of Companies Act,. The Company is engaged in generation and sale of power. The power plant is located at Lumshnong, Meghalaya.

1. Significant Accounting Policies

1.1 Basis of Preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS. Refer note No 38 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The accounting policies are consistently followed by the Company and changes in accounting policy are separately disclosed.

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- defined benefit plans – plan assets measured at fair value
- certain financial assets that are measured at fair value

(iii) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

(iv) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lacs as per the requirement of Schedule III, unless otherwise stated.

1.2 Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the result of operation during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 Foreign Currency Transactions & Balances

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (₹), which is Meghalaya Power Ltd functional and presentation currency.

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transactions. Exchange differences arising on settlement /restatement of short –term foreign currency monetary assets and liabilities of the Company are recognized as income or expenses in the Statement of Profit and Loss. All foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expenses.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Notes to financial statements for the year ended 31 March, 2018 (contd.)

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the policy of accounting of exchange differences arising on reporting of long term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of first Ind AS financial reporting period i.e. 1 April, 2017 in keeping with the previous GAAP, as set out below:

The Company has adopted the provisions of para 46A of AS-11 "The Effects of Changes in Foreign Exchange Rates", and accordingly exchange differences arising on restatement/settlement of long-term foreign currency borrowings relating to acquisition of depreciable property, plant and equipments are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

1.4 Property, plant and equipment

Property, plant and equipment are stated at their cost of acquisition, installation or construction (net of any recoverable amount, wherever applicable) less accumulated depreciation, amortization and impairment losses if any, except freehold land which is carried at cost. Cost comprises the purchase price, installation and attributable cost of bringing the asset to working condition for its intended use.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Capital Work In Progress

Capital work in progress is carried at cost comprising direct cost and and includes any directly attributable cost incurred during construction period.

Depreciation

Depreciation on Property, plant and equipment is provided on written down value method in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing depreciation specified in Part 'C', thereof. Depreciation is provided on components that have homogenous useful lives by using the WDV method so as to depreciate the initial cost down to the residual value over the estimated useful lives.

In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

Expenditure During Construction Period

Expenditure incurred during construction/preoperative period including interest and finance charges on specified loan, prior to commencement of commercial production / completion of project is capitalized.

1.5 Lease

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

1.6 Government Grants and Subsidies

Government grant and subsidies are recognised when there is reasonable certainty that the same will be received. Revenue grants which are received by way of recoupment/reimbursement of any particular item of expenses are recognised in the Statement Profit & Loss Account from related item of expenditure.. Grants related to assets which are recognised in the Balance sheet as deferred income, are recognized to the Statement of profit and loss on a systematic basis over the useful life of the related assets by netting off with the related expense.

1.7 Impairment of non-financial assets

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

1.8 Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.9 Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time for its intended use to get ready for its intended use. All other borrowing costs are recognized as expenses in the period in which they are incurred. Borrowing cost includes exchange differences arising from relevant foreign currency borrowings to the extent that they are regarded as adjustment to the interest cost.

1.10 Inventories

Raw Materials, stores and spares are valued at lower of cost and net realizable value. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Finished goods are valued at lower of cost and net realizable value. Cost includes direct materials & labour and a part of manufacturing overheads based on normal operating capacity.

Cost of Inventories is computed on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

1.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Notes to financial statements for the year ended 31 March, 2018 (contd.)

1.12 Investments and other financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into the following categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collections of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments (except subsidiary, associate and joint venture) at fair value through profit or loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset.

1.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.14 Financial liabilities

Initial recognition and measurement

The Company recognises all the financial liabilities on initial recognition at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

Subsequent measurement

All the financial liabilities are classified as subsequently measured at amortised cost, except for those measured at fair value through profit or loss.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

1.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

1.16 Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash in hand, demand deposits with banks and other short-term highly liquid investments / deposits with an original maturity of three months or less.

1.17 Revenue Recognition

Revenue from sale of Power is accounted for net unit exported on accrual basis. Sale of fly ash is recorded on dispatch to the customer and includes excise duty and are net of discount, rebates, and returns.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales are recognised when substantial risk and rewards of ownership are transferred to customer. Generally, sales take place when goods are dispatched or delivery is handed over to transporter.

Interest income is recognized using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

1.18 Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Defined Contribution Plan

Employee's benefits in the form of provident fund, ESIC and other labour welfare fund are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss account for the year when the contributions to the respective funds are due.

(iii) Defined Benefit Plan

Notes to financial statements for the year ended 31 March, 2018 (contd.)

Retirement benefits in the form of gratuity is considered as defined benefits obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at Balance Sheet date .

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(iv) Other Long-term benefits

Long-term compensated absences are provided for on the actuarial valuation, using the projected unit credit method, as at Balance Sheet date.

1.19 Tax on Income

Tax expense comprises current and deferred tax. Provision for the current tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

The deferred tax in respect of temporary differences which originate during the tax holiday period and is likely to reverse during the tax holiday period, is not recognized to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act 1961.

1.20 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss before other comprehensive income for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss before other comprehensive income for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.21 Provisions and Contingencies

A Provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts. Contingent assets are also disclosed by way of notes to the accounts.

1.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

1.23 Dividends

A dividend paid (including dividend distribution tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders. The corresponding amount is recognised directly in equity.

Note 2: RECENT ACCOUNTING DEVELOPMENTS

Standards issued but not yet effective

i. Ind AS 115:- Revenue from contracts with customers

The Company is in the process of assessing the detailed impact of Ind AS 115. Presently, the Company is not able to reasonably estimate the impact that application of Ind AS 115 is expected to have on its financial statements, except that adoption of Ind AS 115 is not expected to significantly change the timing of the Company's revenue recognition for product sales. Consistent with the current practice, recognition of revenue will continue to occur at a point in time when products are dispatched to customers, which is also when the control of the asset is transferred to the customer under Ind AS 115.

The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

ii. Ind AS 21:- Foreign currency transactions and advance consideration

Management has assessed the effects of applying the appendix to its foreign currency transactions for which consideration is received in advance. The Company expects this change to impact its accounting for revenue contracts involving advance payments in foreign currency.

The Company intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from 1 April 2018).

Notes to financial statements for the year ended 31 March, 2018 (contd.)

3. Property, Plant, Equipment

(₹ In lacs)

	Land & Site Development	Factory Building	Non Factory Building	Plant & Machinery	Fire fighting equipments	Electrical installations	Heavy vehicles	Light vehicles	Office Equipments	Computers	Furniture & Fixtures	Tools & Tackles	Laboratory equipments	Total
Gross Block														
At 1st April, 2016 (Deemed Cost)	666.14	2,234.98	391.50	19,393.78	3.47	209.70	64.78	11.61	2.01	2.94	2.11	32.53	8.57	23,024.11
Addition	5.81	-	25.80	108.47	-	-	-	-	1.14	2.03	1.83	1.30	1.07	147.44
Disposals	-	8.51	0.71	93.65	-	0.37	0.81	1.04	-	-	0.01	-	-	105.11
At 31st March, 2017	**671.95**	**2,226.47**	**416.59**	**19,408.59**	**3.47**	**209.33**	**63.97**	**10.57**	**3.15**	**4.97**	**3.93**	**33.83**	**9.64**	**23,066.46**
Addition	8.78	5.06	0.18	164.42	-	5.45	-	-	1.45	0.33	0.91	0.29	-	186.87
Disposals	-	-	-	12.70	-	-	0.24	-	-	-	-	-	-	12.94
At 31st March, 2018	**680.73**	**2,231.53**	**416.77**	**19,560.31**	**3.47**	**214.78**	**63.73**	**10.57**	**4.60**	**5.30**	**4.84**	**34.12**	**9.64**	**23,240.38**
Accumulated Deprecation														
At 1st April, 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
charge for the year	-	213.81	68.90	1,470.90	1.49	60.51	19.81	3.49	0.87	1.98	0.99	9.87	2.69	1,855.31
Disposals/ deductions/ adjustment	-	-	-	-		-	-	0.17	-	-	0.00	-	-	0.17
At 31st March, 2017	**-**	**213.81**	**68.90**	**1,470.90**	**1.49**	**60.51**	**19.81**	**3.32**	**0.87**	**1.98**	**0.99**	**9.87**	**2.69**	**1,855.14**
charge for the year	-	192.50	54.52	1,385.51	0.82	46.69	13.35	2.28	1.21	1.48	0.83	7.15	1.97	1,708.31
Disposals/ deductions/ adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31st March, 2018	**-**	**406.30**	**123.42**	**2,856.41**	**2.30**	**107.20**	**33.16**	**5.60**	**2.08**	**3.47**	**1.83**	**17.02**	**4.66**	**3,563.46**
Net Carrying Value														
At 1st April, 2016	666.14	2,234.98	391.50	19,393.78	3.47	209.70	64.78	11.61	2.01	2.94	2.11	32.53	8.57	23,024.12
At 31st March, 2017	671.95	2,012.67	347.70	17,937.69	1.99	148.82	44.16	7.25	2.28	2.99	2.94	23.96	6.95	21,211.32
At 31st March, 2018	680.73	1,825.23	293.34	16,703.90	1.17	107.58	30.57	4.98	2.52	1.83	3.01	17.10	4.98	19,676.92

Note:
a) During the year Company has sold property, plant and equipment amounting to ₹9.86 Lacs (31 March 2017- ₹25.58 Lacs, 1 April 2016- ₹7.16 Lacs).

b) During the year foreign exchange Loss as at 31 March 2018 ₹19.89 Lacs (as at 31 March 2017- ₹(103.24 lacs),is added to the gross assets in accordance with para 46A of AS 11 (Previos GAAP),since the Company has applied the exemption under Ind AS 101 and accordingly opted to continue the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items recognised in the financial statements.

c) For Property Plant and Equipment existing on April 1 2016 i.e date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed cost.

Notes to financial statements for the year ended 31 March, 2018 (contd.)

4. Loans

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Unsecured, considered Good			
Security deposits	1.12	1.00	0.99
	1.12	**1.00**	**0.99**

5. Non current tax assets (net)

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Advance income tax (net of provision for taxation of ₹1135.27 lacs, as at for 31 March 2018 ₹604.08 lacs as at for 31 March 2017 and ₹ Nil as at 1 April 2016)	179.71	25.53	-
	179.71	**25.53**	**-**

6. Other non-current assets

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Unsecured, considered good			
Capital advances	172.29	167.29	126.18
	172.29	**167.29**	**126.18**

7. Inventories

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Inventories			
Finished Goods	-	144.78	-
Power Inventory (With MESCL)	1,977.17	2,535.58	1,183.99
Fuels, Stores & Spares parts	2,706.06	1,686.27	2,110.99
	4,683.23	**4,366.63**	**3,294.98**

8. Trade receivables

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Unsecured			
Considered good	961.06	916.73	352.35
	961.06	**916.73**	**352.35**

9. Cash and cash equivalents

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Cash in hand	10.43	7.07	2.86
Cheques in hand	61.23	47.74	0.41
Balance with Banks	80.35	14.88	102.13
	152.02	**69.69**	**105.40**

10. Other current assets

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Advances to suppliers	190.96	75.57	49.35
Advances for goods, services & expenses	1.85	-	-
Prepaid expenses	61.01	87.63	61.60
Subsidies / incentives receivable from central / state governments	26.22	1,628.17	1,640.56
Balance with statutory / government authorities	-	-	110.36
Advances to employees	1.27	0.73	4.05
Income tax refund receivable	51.70	51.70	77.21
	333.01	**1,843.80**	**1,943.13**

Notes to financial statements for the year ended 31 March, 2018 (contd.)

11. Equity share capital

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Authorized Capital			
2,00,00,000 (2,00,00,000 as at 31 March 2017 and 2,00,00,000 as at 1 April 2016) Equity Shares of ₹10 each fully paid	**2,000.00**	**2,000.00**	**2,000.00**
Issued, Subscribed & fully Paid -up Shares			
1,71,30,620 (1,71,30,620 as at 31 March 2017 and 1,71,30,620 as at 1 April 2016) Equity Shares of ₹10 each fully paid	1713.06	1,713.06	1,713.06
	1,713.06	**1,713.06**	**1,713.06**

a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend 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.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31-Mar-18	31-Mar-17	01-Apr-16
Equity shares	No. of Shares	No. of Shares	No. of Shares
At the beginning of the year	1,71,30,620	1,71,30,620	1,71,30,620
Issued during the year	-	-	-
Outstanding at the end of the year	**1,71,30,620**	**1,71,30,620**	**1,71,30,620**

c) Shares held by Holding Company

	31-Mar-18	31-Mar-17	01-Apr-16
	No. of Shares	No. of Shares	No. of Shares
Star Cement Limited (Formerly Cement Manufacturing Company Ltd.)	87,36,620	87,36,620	87,36,620

d) Details of Shareholders holding more than 5% of Equity Share capital

	31-Mar-18	31-Mar-17	01-Apr-16
	No. of Shares % of holding	No. of Shares % of holding	No. of Shares % of holding
Star Cement Limited (Formerly Cement Manufacturing Company Ltd.)	87,36,620	87,36,620	87,36,620
	51.00%	51.00%	51.00%
Shyam Century Ferrous Limited	83,58,998	83,58,998	83,58,998
	48.80%	48.80%	48.80%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

12. Other equity

(₹ In lacs)

	31-Mar-18	31-Mar-17
Reserve and surplus		
Securities premium		
Opening balance	5,232.25	5,232.25
Movement during the year	-	-
	5,232.25	**5,232.25**
Retained earnings		
Opening balance	4,662.82	3,403.89
Profit / (loss) for the year	1,132.12	1,260.49
Items of other comprehensive income directly recognised in retained earnings		
Remeasurements of post-employment benefit obligations (net of tax)	(1.77)	(1.57)
	5,793.16	**4,662.81**
Total	**11,025.41**	**9,895.06**

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

13. Borrowings

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Term loans (secured)			
Rupee loan from a bank	-	1,324.79	1,846.72
Foreign currency loan from banks	4,429.66	6,920.99	10,169.63
Unsecured			
Loans from related party	3,000.00	3,600.00	800.00
Loans from a director	863.23	820.37	-
Other loans & advances (secured)			
-Hire purchase finance from banks	2.35	11.33	21.59
	8,295.24	**12,677.48**	**12,837.94**
Less: Current maturities of long term borrowings	2,531.26	2,891.25	3,521.97
	5,763.98	**9,786.23**	**9,315.97**

13.1 Rupee Term Loan as at 31 March, 2018: ₹ Nil (31 March 2017: ₹1,324.79 lacs, 1 April 2016: ₹1,846.72 lacs) from a bank which was repayable in March 2020 has been prepaid by the Company in the financial year 2017-18.

13.2 Foreign currency loan as at 31 March, 2018: ₹4429.66 Lacs, (31 March 2017: ₹6,920.99 lacs, 1 April 2016: ₹10169.62 lacs) from a bank is repayable in further 7 quarterly installments ending on December 2019.

13. 3 Terms of loan from related party is long term in nature which is repayable in 3 Years.

13. 4 Terms of loan from director is long term in nature which is repayable in 3 Years.

13. 5 Term Loans from banks are secured by pari passu first charge on the Property Plant & Equipment and pari passu second charge on the current assets of the Company's power plants at Lumshnong, Meghalaya. Further, the loan has been guaranteed by some of the Directors of the Company.

13. 6 Hire Purchase Finance is secured by hypothecation of respective vehicles and is repayable within three months having varied date of payment.

13. 7 The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

14. Employee benefit obligations

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Provisions for employee benefits			
-Gratuity	27.94	21.05	13.10
	27.94	**21.05**	**13.10**

Notes to financial statements for the year ended 31 March, 2018 (contd.)

15. Deferred tax liabilities (net)

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Deferred tax liabilities			
Property, plant and equipment	1,446.76	1,515.61	1,261.67
Borrowings	3.36	9.38	16.90
	1,450.13	**1,524.99**	**1,278.57**
Deferred tax assets			
MAT credit entitlement	1,109.99	905.71	587.52
Employee benefit obligations	14.80	11.08	7.53
	1,124.79	**916.79**	**595.05**
Net deferred tax (asset) / liabilities	**325.34**	**608.20**	**683.52**

16. Other non current liabilities

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Deferred government grant	50.97	480.11	517.72
	50.97	**480.11**	**517.72**

17. Borrowings

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Working capital facilities from banks (secured)			
Cash credit	1,577.71	1,457.75	2,581.89
	1,577.71	**1,457.75**	**2,581.89**

17.1 Working capital facilities from Banks are Secured by Pari Passu first charge on current assets and pari passu second charge on Property Plant & Equipment of the Company's Power plants at Lumshnong, Meghalaya. Further the Working Capital facilities from Banks have been guaranteed by some of the Directors of the Company.

18. Trade payables

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Trade payables	3,119.89	1,828.35	1,600.89
	3,119.89	**1,828.35**	**1,600.89**

19. Other financial liabilities

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Current maturities of long-term borrowings	2,531.26	2,891.25	3,521.97
Interest accrued but not due on borrowings	0.02	0.51	0.14
Retention money	26.41	26.19	47.05
Security deposit	14.91	15.79	16.45
Other liabilities	492.89	385.22	-
Creditors for expenses and royalty expense	-	-	742.25
Salary and bonus to employees	20.25	18.39	19.00
	3,085.74	**3,337.35**	**4,346.86**

20. Employee benefit obligation

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Provisions for employee benefits			
-Leave encashment	12.64	9.20	7.18
-Gratuity	4.22	1.78	1.46
	16.86	**10.98**	**8.64**

Notes to financial statements for the year ended 31 March, 2018 (contd.)

21. Current tax liabilities (net)

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Provision for taxation (net of advance advance tax of ₹ Nil for 31 March 2018 ,₹292.01 lacs for 31 March 2017 and ₹356.84 Lacs for 1 April 2016)	-	36.05	34.01
	-	36.05	34.01

22. Other current liabilities

(₹ In lacs)

	31-Mar-18	31-Mar-17	01-Apr-16
Statutory liabilities	51.54	37.81	27.23
Advance from customer	6.21	-	-
Other liabilities	37.18	33.64	4.65
Current Deferred government grant	4.04	37.60	42.68
	98.97	**109.05**	**74.56**

23. Revenue from operations

(₹ In lacs)

	31-Mar-18	31-Mar-17
Sale of power	10,968.32	10,184.02
Sale of fly ash and ferro silicion	518.47	186.70
Revenue from operation	**11,486.79**	**10,370.72**

24. Other income

(₹ In lacs)

	31-Mar-18	31-Mar-17
Sale of scrap	7.77	20.58
Profit on sale of property plant & equipment	-	0.37
	7.77	**20.95**

25. Power inventory (increase)/decrease

(₹ In lacs)

	31-Mar-18	31-Mar-17
Opening power inventory stock	2,535.58	1,183.99
Closing power inventory stock	1,977.17	2,535.58
(Increase)/decrease	**558.41**	**(1,351.59)**

26. Employee benefit expenses

(₹ In lacs)

	31-Mar-18	31-Mar-17
Salaries and wages	614.25	670.61
Contribution to provident fund	19.61	21.95
Staff welfare expenses	13.52	16.60
	647.38	**709.16**

27. Finance costs

(₹ In lacs)

	31-Mar-18	31-Mar-17
Interest expenses		
- On loan measured at amortised cost	975.02	1,095.30
Other finance costs	10.67	19.99
	985.69	**1,115.29**

28. Depreciation

(₹ In lacs)

	31-Mar-18	31-Mar-17
Depreciation on Property Plant & Equipment	1,670.71	1,812.63
	1,670.71	**1,812.63**

28.1 Depreciation is net of amortisation of government grants amounting to ₹37.60 Lacs 31st March 2018 (31st March 2017 ₹42.68 Lacs).

Notes to financial statements for the year ended 31 March, 2018 (contd.)

29. Other expenses

(₹ In lacs)

	31-Mar-18	31-Mar-17
Consumption of stores & spares	16.67	27.00
Fuel consumption	5,410.13	5,644.38
Repairs & maintenance		
- Building	9.53	12.75
- Plant & machinery	508.94	368.36
- Others	34.69	36.17
Heavy vehicle / equipment running exp.	104.87	112.35
Travelling and conveyance	6.11	10.02
Insurance	91.01	83.50
Rent, rates & taxes	64.79	92.75
CSR expenses (Refer Note No. 41)	56.57	28.67
Miscellaneous expenses (Refer Note No 29.1)	127.61	180.79
	6,430.92	**6,596.74**

29.1 Miscellaneous expenses include expenses paid to auditors Refer Note No 42.

30. Income tax expense

(₹ In lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Current tax		
Current tax on profits for the year	204.28	318.19
Total current tax expense	**204.28**	**318.19**
Deferred tax		
MAT credit entitlement	(204.28)	(317.95)
Deferred tax - Others	(77.85)	243.69
Total deferred tax benefit	**(282.13)**	**(74.26)**
Income tax expense	**(77.85)**	**243.93**

30.1 Reconciliation of tax expense and the accounting profit multiplied by India's tax rate: (₹ In lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Profit before tax	1,054.27	1,504.42
Tax at the Indian tax rate of 34.608% (2016-2017 - 34.608%)	**364.86**	**520.65**
Items not deductible/taxable under tax	(13.84)	17.94
Additional deduction under various provisions of tax	(148.37)	(294.89)
Impact of change in tax rate during the year	(14.67)	-
Other adjustments	(265.82)	0.23
Income tax expense	**(77.85)**	**243.93**

30.2 The tax rate used for the financial year 2016-17 and 2017-18 reconciliation above is the Corporate Tax Rate of 34.608% (30% + Surcharge 12% +Education Cess 3%) payable on on taxable profit under Income Tax Act 1961.

31. Earnings per share

(a) Basic earnings per share

Particulars	31-Mar-18	31-Mar-17
Basic earnings per share attributable to the equity holders of the Company (in ₹)	6.61	7.36

(b) Diluted earnings per share

Particulars	31-Mar-18	31-Mar-17
Diluted earnings per share attributable to the equity holders of the Company (in ₹)	6.61	7.36

(c) Reconciliations of earnings used in calculating earnings per share

(₹ In lacs)

Particulars	31-Mar-18	31-Mar-17
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	1,132.12	1,260.49
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	1,132.12	1,260.49

(d) Weighted average number of equity shares used as the denominator

(₹ In lacs)

Particulars	31-Mar-18	31-Mar-17
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	1,71,30,620	1,71,30,620
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	1,71,30,620	1,71,30,620

32. Disclosure as per Ind AS 19, 'Employees Benefit'

(i) Leave obligations

Under leave encashment scheme, the Company allows its employees to encash accumulated leave over and above thirty days at any time during the year. Hence the entire amount of the provision is presented under current. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

(₹ In lacs)

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
Leave obligations not expected to be settled within the next 12 months	9.84	8.67	6.70

(ii) Post-employment obligations

a) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

(₹ In lacs)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
01 April 2016	25.61	(11.04)	14.56
Current service cost	4.70	-	4.70
Interest expense/(income)	2.05	(0.88)	1.17
Total amount recognised in profit or loss	**6.75**	**(0.88)**	**5.87**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.11	0.11
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	2.08	-	2.08
Actuarial (gain)/loss from unexpected experience	0.20	-	0.20
Total amount recognised in other comprehensive income	**2.29**	**0.11**	**2.40**
Employer contributions/ premium paid	-	-	-
Benefit paid	(2.84)	2.84	-
Disposal/ Transfer of obligation	-	-	-
31 March 2017	**31.80**	**(8.97)**	**22.83**

Notes to financial statements for the year ended 31 March, 2018 (contd.)

(₹ In lacs)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
01 April 2017	31.80	(8.97)	22.83
Current service cost	5.14	-	5.14
Interest expense/(income)	2.39	(0.70)	1.69
Total amount recognised in profit or loss	**7.52**	**(0.70)**	**6.83**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.10	0.10
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	(0.94)	-	(0.94)
Actuarial (gain)/loss from unexpected experience	3.33	-	3.33
Total amount recognised in other comprehensive income	**2.40**	**0.10**	**2.49**
Employer contributions/ premium paid	-	-	-
Benefit paid	(2.01)	2.01	-
Settlement Cost	-	-	-
Other (unsettled liability at the end of the valuation date)	-	-	-
Disposal/ Transfer of Asset	-	-	-
31 March 2018	**39.72**	**(7.56)**	**32.16**

(v) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

(₹ In lacs)

Particulars	31 March 2018	31 March 2017	01 April 2016
Discount rate	7.75%	7.50%	8.00%
Expected return on plan asset	7.75%	7.50%	8.00%
Salary growth rate	6.00%	6.00%	6.00%
Withdrawal rate	1% to 8%	1% to 8%	1% to 8%
Mortality rate	IALM (2006-08) Table	IALM (2006-08) Table	IALM (2006-08) Table

(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ In lacs)

Particulars	Impact on defined benefit obligation			
	31-Mar-18		31-Mar-17	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 1%)	(36.28)	43.72	(27.80)	36.52
Salary growth rate (-/+ 1%)	43.92	(36.07)	36.05	(28.15)
Withdrawal rate (-/+ 1%)	40.23	(39.13)	32.15	(31.52)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitvity analysis did not change compared to the prior period.

(vii) The major categories of plans assets

The defined benefit plans are funded with an insurance Company of India. The Company does not have any liberty to manage the funds provided to insurance companies.

(viii) Risk exposure

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefits plans for the year ending 31 March 2019 are ₹11.60 lacs.

The weighted average duration of the defined benefit obligation is 5.14 years (31 March 2017: 9.45 years, 1 April 2016 : 9.61 years). The expected maturity analysis of undiscounted gratuity is as follows:

(₹ In lacs)

	Less than a year	Between 2- 5 years	Over 5 years
31 March 2018			
Defined benefit obligation (gratuity)	2.61	12.20	12.74
Total	**2.61**	**12.20**	**12.74**
31 March 2017			
Defined benefit obligation (gratuity)	-	1.88	29.92
Total	**-**	**1.88**	**29.92**
1 April 2016			
Defined benefit obligation (gratuity)	-	1.26	24.34
Total	**-**	**1.26**	**24.34**

Notes to financial statements for the year ended 31 March, 2018 (contd.)

33. Fair value measurement

(₹ In lacs)

Particulars	31-Dec-18			31-Dec-17			01-Jan-16		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Security deposits	-	-	1.12	-	-	1.00	-	-	0.99
Trade receivables	-	-	961.06	-	-	916.73	-	-	352.35
Cash on hand	-	-	10.43	-	-	7.07	-	-	2.86
Cheques in hand	-	-	61.24	-	-	47.74	-	-	0.41
Balance with banks	-	-	80.35	-	-	14.88	-	-	102.13
	-	**-**	**1,114.20**	**-**	**-**	**987.42**	**-**	**-**	**458.74**
Financial liabilities									
Borrowings	-	-	7,341.69	-	-	11,243.97	-	-	11,897.86
Security deposit	-	-	14.91	-	-	15.79	-	-	16.45
Trade payables	-	-	3,119.88	-	-	1,828.35	-	-	1,600.89
Current maturities of long-term borrowings	-	-	2,531.26	-	-	2891.25	-	-	3,521.97
Interest accrued but not due on borrowings	-	-	0.02	-	-	0.51	-	-	0.14
Retention money	-	-	26.41	-	-	26.19	-	-	47.05
Other liabilities	-	-	492.89	-	-	385.22	-	-	-
Creditors for expenses and royalty expense	-	-	-	-	-	-	-	-	742.25
Salary and bonus to employees	-	-	20.25	-	-	18.39	-	-	19.00
	-	**-**	**13,547.31**	**-**	**-**	**16,409.67**	**-**	**-**	**17,845.61**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments is determined using discounted cash flow analysis.

(iii) Fair value of financial assets and liabilities measured at amortised cost

(₹ In lacs)

Particulars	31-Mar-18		31-Mar-17		01-Apr-16	
	FVPL	Amortised cost	FVPL	Amortised cost	FVPL	Amortised cost
Financial assets						
Security deposits and margin money	1.12	1.12	1.00	1.00	0.99	0.99
Total financial assets	**1.12**	**1.12**	**1.00**	**1.00**	**0.99**	**0.99**
Financial liabilities						
Borrowings	2.35	2.33	11.33	10.79	21.59	20.18
Total financial liabilities	**2.35**	**2.33**	**11.33**	**10.79**	**21.59**	**20.18**

The carrying amounts of all other financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. The carrying amounts of other borrowings with floating rate of interest are considered to be close to the fair value.

The fair values for financial instruments were calculated based on cash flows discounted using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see (ii) above.

34. Capital management

(a) Risk management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares .

The Company is in compliance with all material financial covenants of its borrowings.

35. Financial risk management

The Company's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Diversification of customer base
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Availability of committed facilities
Market risk – foreign exchange	Future commercial transactions and recognised financial liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Diversification of liability
Market risk – interest rate	Long-term borrowings at fixed rates	Sensitivity analysis	Portfolio of loan contains fixed interest loans from financial institutions

Notes to financial statements for the year ended 31 March, 2018 (contd.)

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying 30 days credit terms. Outstanding customer receivables are regularly monitored. Further the Company receives security deposit from its customers which mitigates the credit risk. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically. The ageing of trade receivables as of balance sheet date is given below. The age analysis have been considered from the due date:

(₹ In lacs)

Particulars	Not due	Less than 6 months	6 months to 1 year	More than 1 Years	Total
Trade receivable as on 31 March, 2018	676.55	281.27	-	3.24	961.06
Trade receivable as on 31 March, 2017	843.40	63.15	-	10.18	916.73
Trade receivable as on 1 April, 2016	342.17	-	-	10.18	352.35

ii) Financial instruments and deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department. For banks and financial institutions, only high rated banks/institutions are accepted.

Financial Assets are considered to be of good quality and there is no significant credit risk.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2018, 31 March 2017 and 1 April 2016 is the carrying amounts as illustrated in Note 33.

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The management also considers the cash flows projection and level of liquid assets necessary to meet these on a regular basis. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ In lacs)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Floating Rate			
- Expiring within one year (bank overdraft and other facilities)	1,222.29	1,342.25	218.11
	1,222.29	**1,342.25**	**218.11**

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ In lacs)

Contractual maturities of financial liabilities - 31 March, 2018	Less than 1 year	Between 1 - 3 years	Between 3 - 5 years	More than 5 years	Total
Trade payables	3,119.89	-	-		3,119.89
Borrowings	4,108.97	5,775.53			9,884.50
Interest payable on above borrowings*	592.07	823.11			1,415.18
Other financial liabilities	554.46	-	-		554.46
Total financial liabilities	**8,375.39**	**6,598.64**	**-**	**-**	**14,974.03**

* Based on closing rates

(₹ In lacs)

Contractual maturities of financial liabilities - 31 March, 2017	Less than 1 year	Between 1 - 3 years	Between 3 - 5 years	More than 5 years	Total
Trade payables	1,828.35	-	-	-	1,828.35
Borrowings	4,348.99	5,392.97	4,420.37	-	14,162.34
Interest payable on above borrowings*	774.90	1,136.08	893.38	-	2,804.36
Other financial liabilities	445.60	-	-	-	445.60
Total financial liabilities	**7,397.84**	**6,529.05**	**5,313.75**	**-**	**19,240.65**

* Based on closing rates

(₹ In lacs)

Contractual maturities of financial liabilities - 1 April, 2016	Less than 1 year	Between 1 - 3 years	Between 3 - 5 years	More than 5 years	Total
Trade payables	1,600.89	-	-	-	1,600.89
Borrowings	6,103.86	6,132.81	3,231.99	-	15,468.65
Interest payable on above borrowings*	743.22	958.45	263.93	-	1,965.60
Other financial liabilities	824.76	-	-	-	824.76
Total financial liabilities	**9,272.72**	**7,091.26**	**3,495.92**	**-**	**19,859.90**

* Based on closing rates

(C) Market risk

(i) Foreign currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company deals with an international customer and is therefore exposed to foreign exchange risk (primarily with respect to USD) arising from this foreign currency transactions. In view of low proportion of export/imports, as compared to the overall operations, the exposure of the Company to foreign exchange risk is also not considered to be material.

Further foreign exchange risk also arises from future cash flow against foreign currency loan. The risk is measured through a forecast of highly probable foreign currency cash flows.

Notes to financial statements for the year ended 31 March, 2018 (contd.)

Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:-

(₹ In lacs)

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
	USD	USD	USD
Financial assets	-	-	-
Financial liabilities	4,441.21	6,948.10	10,218.44
Net exposure to foreign currency risk	**(4,441.21)**	**(6,948.10)**	**(10,218.44)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ In lacs)

Particulars	Impact on profit before tax	
	31 March, 2018	31 March, 2017
USD sensitivity		
INR appreciates by 10% (2017: 10%)	444	695
INR depreciates by 10% (2017: 10%)	(444)	(695)

* Holding all other variables constant

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31 March 2018, 31 March 2017 and 1 April 2016, the Company's borrowings at variable rate were mainly denominated in INR and USD.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

On Financial Liabilities:

The exposure of the Company's financial liabilities to interest rate risk is as follows:

(₹ In lacs)

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
Variable rate borrowings	9,882.15	14,151.01	15,447.06
Fixed rate borrowings	2.35	11.33	21.59
Total borrowings	**9,884.50**	**14,162.34**	**15,468.65**

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

(₹ In lacs)

Particulars	Impact on profit before tax	
	31 March, 2018	31 March, 2017
Interest expense rates – increase by 50 basis points (2017: 50 bps)	(49.41)	(70.76)
Interest expense rates – decrease by 50 basis points (2017: 50 bps)	49.41	70.76

* Holding all other variables constant

36. Assets pledged/hypothecated as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

(₹ In lacs)

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
Current			
Financial assets			
First charge			
Trade receivables	961.06	916.73	352.35
Inventory	4,683.23	4,366.63	3,294.98
Cash & Cash Equivalents	152.02	69.69	105.40
Bank balances			
Other financial assets			
Other current assets	333.01	1,843.80	1,943.13
Floating charge			
Non-financial assets			
First charge			
Total current assets pledged/hypothecated as security	**6,129.32**	**7,196.85**	**5,695.86**
Non-current			
First charge	20,323.43	21,892.58	23,703.34
Total non-currents assets pledged/mortgaged as security	**20,323.43**	**21,892.58**	**23,703.34**
Total assets pledged/hypothecated as security	**26,452.75**	**29,089.43**	**29,399.20**

37. Related party transactions

I.

	Names of the Related parties where control exists	Nature of relationship
A	Star Cement Limited (SCL) (Formerly Cement Manufacturing Company Limited)	Holding Company
	Megha Technical & Engineers Private Limited (MTEPL)	Fellow Subsidiary
	Star Cement Meghalaya Limited (SCML)	Fellow Subsidiary
	Century Plyboards (India) Limited	Enterprise Owned/Influenced by KMP
	Shyam Century Ferrous Limited	Associate Company
B	**Others-with whom transactions have taken place during the year**	
	Names of other Related parties	**Nature of relationship**
	Key Management Personnel	
	Sri Sanjay Kumar Agarwal	Managing Director
	Sri Manoj Kumar Agarwal	Company Secretary (Continued upto 02.07.2017)
	Sri Debabrata Thakurta	Company Secretary (w.e.f 03.08.2017)
	Sri Vishal Agarwal	CFO (Continued upto 30.11.2017)
	Sri Bishal Agarwal	CFO (w.e.f. from 06.02.2018)
	Key Management Personnel of Parent Company	
	Mr. Sajjan Bhajanka	Chairman & Managing Director
	Mr. Rajendra Chamaria	Vice Chairman & Managing Director
	Mr. Sanjay Agarwal	Managing Director
	Mr. Prem Kumar Bhajanka	Director
	Mr. Sanjay Kumar Gupta	Chief Executive Officer
	Mr. Dilip Kumar Agarwal	Chief Financial Officer (Upto 13.11.17)
	Mr. Manoj Agarwal	Company Secretary (Upto 02.08.17), Chief Financial Officer w.e.f 13.11.17
	Mr. Debabrata Thakurta	Company Secretary w.e.f 03.08.17
	Enterprises influenced by KMP of parent company	
	Century Plyboards (India) Limited (CPIL)	Enterprises influenced by KMP
	Shyam Century Ferrous Limited (SCFL)	Enterprises influenced by KMP
	Star India Cement Limited	Enterprises influenced by KMP

Notes to financial statements for the year ended 31 March, 2018 (contd.)

II. Details of transactions between the Company and related parties and the status of outstanding balance as at 31st March 2017:

(₹ In lacs)

Sl. No.	Type of Transactions	Holding Company			Associates			Enterprise Owned/Influenced by KMP			Key Management Personnel/Director		
		2017-2018	2016-17	2015-16	2017-2018	2016-17	2015-16	2017-2018	2016-17	2015-16	2017-2018	2016-17	2015-16
1	**Purchase Transactions**												
	SCL	9.24	9.14		-	-		-	-		-	-	
	SCFL	-	-		-	144.78		-	-		-	-	
2	**Sale Transactions**												
	SCL	4,021.82	3,555.38		-	-		-	-		-	-	
	MTEPL	-	-		-	-		100.74	970.18		-	-	
	SCML	-	-		-	-		5,515.55	5,770.30		-	-	
	SCFL	-	-		1,409.91	46.57		-	-		-	-	
	CPIL	-	-		-	-		-	24.24		-	-	
3	**Loan Taken**												
	SCML	-	-		-	-		-	2,300.00		-	-	
	MTEPL	-	-		-	-		-	500.00				
	Sri Sajjan Bhajanka	-	-		-	-		-	-		-	800.00	
4	**Loan Paid**							600.00	-		-	-	
	SCML				-	-		-	-		-		
5	**Service Received**												
	SCML	-	-		-	-		2.31	3.40		-	-	
6	**Interest Paid**										-	-	
	SCML	-	-		-	-		162.96	135.74		-	-	
	MTEPL	-	-		-	-		43.95	3.46		-	-	
	Sri Sajjan Bhajanka	-	-		-	-		-	-		70.26	22.64	
7	**Remuneration Paid**												
	Sri Vishal Agarwal	-	-		-	-		-	-		8.44	9.73	
	Sri Bishal Agarwal	-	-		-	-		-	-		1.58		
8	**Balances Outstanding**												
A	**Share Capital / Securities Premium**												
	SCFL		-	-	3,373.50	3,373.50	3,373.50	-	-	-	-	-	-
	SCL	3,568.31	3,568.31	3,568.31	-	-	-	-	-	-	-	-	-
B	**Debtors**										-		
	SCL	453.63	325.85	344.16	-	-	-	-	-	-	-	-	-
	MTEPL	-	-	-	-	-	-	-	11.19	-	-	-	-
	SCML	-	-	-	-	-	-	30.13	550.30	-	-	-	-
	SCFL	-			383.64			-			-		
	CPIL	-	-	-	-	-	-	-	24.24	-	-	-	-
C	**Creditors**												
	SCL	-	-	1.98		-	-	-	-	-	-	-	-
	SCFL	-	-	-	61.19	98.21	-	-	-	-	-	-	-
D	**Advance From Customers**												
	MTEPL	-			-	-		6.19	-		-	-	
E	**Loan Taken**												
	SCML	-	-	-	-	-	-	2,500.00	3,100.00	800.00	-	-	-
	MTEPL	-	-	-	-	-	-	500.00	500.00	-	-	-	
	Sri Sajjan Bhajanka	-	-	-	-	-	-	-	-	-	863.23	820.37	-
F	**Guarantees outstanding**				-								
	Sri Sajjan Bhajanka	-	-	-	-	-	-	-	-	-	7,591.21	11,772.89	15,565.16
	Sri Prem Kumar Bhajanka	-	-	-	-	-	-	-	-	-	6,241.21	10,422.89	13,399.40

III. Key management personnel compensation

(₹ In lacs)

Particulars	31-Mar-18	31-Mar-17
Short-term employee benefits	10.02	9.73
Post-employment benefits	-	-
Long-term employee benefits	-	-
Termination benefits	-	-
Total compensation	10.02	9.73

38. First-time adoption of Ind AS

I - Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1, have been applied in preparing the financial statements from the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set below are the applicable Ind AS optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Long Term Foreign Currency Monetary Items

Ind AS 101 allows that a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the fi nancial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

Accordingly, the Company has elected to continue the following policy adopted by it under the previous GAAP for accounting for exchange differences arising from translation of aforesaid long-term foreign currency monetary items.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the fact and circumstances that exits at the date of transition to Ind AS.

Notes to financial statements for the year ended 31 March, 2018 (contd.)

B. Reconciliation

Reconciliation of total equity as at 31 March 2017

(₹ In lacs)

Particulars	Note	Amount
Total equity (shareholder's fund) as per previous GAAP		**12,081.09**
Transaction cost adjusted with borrowings	1	48.82
Interest expenses on fixed loans as per EIR	1	(21.70)
Deferred government grant	2	(560.40)
Unamortisation of deferred government grant	2	42.68
Deferred tax asset/(liability) on adjustment	4	17.64
Total adjustments		**(472.97)**
Total equity as on March 31, 2017 under Ind AS		**11,608.12**

Reconciliation of total equity as at 1 April 2016

(₹ In lacs)

Particulars	Note	Amount
Total equity (shareholder's fund) as per previous GAAP		**10,877.37**
Transaction cost adjusted with borrowings	1	48.82
Government grant recognised as per Ind AS 20	2	(560.40)
Deferred tax asset/(liability) on adjustment	4	(16.58)
Total adjustments		**(528.16)**
Total equity as on 1 April 2016 under Ind AS		**10,349.21**

Reconciliation of profit after tax as at 31 March 2017

(₹ In lacs)

Particulars	Note	Amount
Balance of profit after tax for the as at 31 March 2017 under previous GAAP		**1,203.72**
Transaction cost adjusted with borrowings	1	(21.70)
Unamortisation of deferred government grant	2	42.68
Remeasurement of post employement benefit plan	3	2.40
Tax effect on adjustment	4	33.39
Total adjustment		**56.77**
Profit after tax as per Ind AS		**1,260.49**
Other comprehensive Income		(1.57)
Total comprehensive income as per Ind AS		**1,258.92**

C: Notes to first-time adoption:

Notes to the financial statements

Note 1: Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Hence the Company has measured its borrowing as per the above requirement of Ind AS 109 by adjusting the transaction cost with borrowing and interest expense has been recognised as per effective interest rate.

Note 2: Government grant

As per Ind AS 20, government grants related to assets, shall be presented in the balance sheet by setting up the grant as deferred income. Hence the Company has accounted the government grant received towards assets as per the requirement of Ind AS 20 by creating a deferred government grant. In subsequent year this deferred government grant has been amortised over the useful life of the assets.

Note 3: Employee benefit obligation

Under previous GAAP, actuarial gains and losses related to the defined benefit scheme for gratuity were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in OCI. Consequently, the tax effect of the same has also been recognised in OCI instead of profit or loss.

Note 4: Deferred tax

The various transitional adjustments lead to different temporary differences. According to the accounting policies in Note 1, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction.

Note 5: Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

39. Contingent liabilities and commitment (to the extend not provided for)

(₹ In lacs)

Sl. No.	Particulars	As at 31-Mar-18	As at 31-Mar-17	As at 1-Apr-16
1	Cross Subsidy charges against Power Purchase from IEX	-	-	30.10
2	Claims against the Company not acknowledged as debts – Excise / VAT / Income Tax matters / Royalty etc	52.87	21.19	-
	Total	**52.87**	**21.19**	**30.10**

40. There The Company has exercised the option under in paragraph 46A of the Accounting Standard 11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the Company has depreciated the foreign exchange (gain)/loss arising on revaluation on long term foreign Currency monetary items in so far as they relate to the acquisition of depreciable capital assets over the balance useful life of such assets. The depreciated portion of net foreign exchange (gain)/loss on such long term foreign currency monetary items for the year ended 31st March, 2018 is ₹157.86 lacs (31 March 2017: ₹189.71 lacs 1 April 2016, ₹139.29 lacs).

41. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting, education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural developments projects.

A CSR Committee has been formed by Company as per the Act. The funds were primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross Amount required to be spent by the Company during the year is ₹28.43 lacs (31 March 2017: 20.29 lacs, 1 April 2016: ₹11.34 Lacs)

b) Amount spent during the year on:

(₹ In lacs)

Sl. No.	Particulars	As at 31-Mar-18	As at 31-Mar-17
(i)	Education	37.30	10.01
(ii)	Preventive Health Care, Supply of Drinking Water	-	2.41
(iii)	Rural Development	16.80	15.98
(iv)	Livelihood & skill Building	2.47	3.24
	Total	**56.57**	**31.64**

Notes to financial statements for the year ended 31 March, 2018 (contd.)

42. Payment to Auditor

(₹ In lacs)

Particulars	As at 31-Mar-18	As at 31-Mar-17
As Auditor		
-Statutory Audit Fees	1.50	1.50
-Tax Audit Fees	-	0.50
In Other Capacity		
Certification Fees and other services	-	1.70
Total	1.50	3.70

43. Segment information

Generation of electricity is the only identified operating segment of the Company in consistent with reporting made to Chief Operating Decision Maker (CODM) i.e. Board of Directors.

Three customers of the entity accounts for approximately 96.70% of the revenue for the year ended 31 March 2018 (two customers as on 31 March 2017 : 89.88%)

44. There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company.

45. The financial statements are approved by the audit committee at its meeting held on 17 May 2018 and by the Board of Directors on the same date.

For & On Behalf of Board of Directors

For D. K Chhajer & Co.
Firm Registration No.:304138E
Chartered Accountants

Bishal Kumar Agarwal
Chief Financial Officer

Sanjay Kumar Agarwal
Managing Director
DIN : 00232938

CA Niraj Kumar Jhunjhunwala
Partner
Membership No:057170

Debabrata Thakurta
Company Secretary

Sajjan Bhajanka
Director
DIN : 00246043

Place: Kolkata
Date : 17 May, 2018

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