

# SUSTAINABLE

MEGHALAYA POWER LIMITED | ANNUAL REPORT 2018-19



## 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.

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# Corporate Information

**CIN: U40108ML2002PLC006921**

## Board of Directors

Sanjay Kumar Agarwal, Managing Director (upto 31.07.2018)

Ghanshyam Agarwal, Managing Director (w.e.f. 01.12.2018)

Sajjan Bhajanka, Director

Prem Kumar Bhajanka, Director

Rangbahduh Khonglah, Director

Lamshwa Kyndoh, Director

Mangilal Jain, Director

Pramod Kumar Shah, Director

## Company Secretary

Debabrata Thakurta

## Chief Financial Officer

Bishal Kumar Agarwal

## 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

Dist:- 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 Seventeenth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2019 and the Statement of Profit & Loss for the year ended on that date.

## FINANCIAL HIGHLIGHTS

The highlights of the financial performance of the Company for the financial year ended 31st March, 2019 as compared to the previous financial year are as under:-

PARTICULARS	₹ In lacs	
	2018-19	2017-18
Total Income	13,566.93	11,494.56
Profit before Depreciation, Interest and Tax	3,841.27	3,710.67
Depreciation	1,558.33	1,670.71
Interest & Finance Charges	771.85	985.69
Profit/(Loss) before Tax	1,511.10	1,054.27
-Current Tax	305.43	204.28
-Deferred Tax	(63.49)	(282.13)
Profit/(Loss) after Tax	1,269.16	1,132.12
Other comprehensive income for the year, net of tax	(0.60)	(1.77)
Total comprehensive income for the year	1,268.56	1,130.35

## INDUSTRY OUTLOOK

Power is the most fundamental component of infrastructure and key factor for industrialization, economic growth and welfare of the nation.

Power Sector of the country is diversified in nature. Power generation varied from conventional sources to non-conventional sources like wind, solar etc. The total installed capacity of power stations in India stood approximately at 346.62 Giga Watt (GW).

The power sector has been identified as a key sector of focus so as to maintain sustained industrial growth. The Government has launched Ujwal Discoms Assurance Yojana (UDAY) to encourage operational and financial turnaround of State Power Distribution Companies and approved National Policy on Biofuels-2018 which will have various positive impact on the growth of the country. The Government's project 'Power for all' has enhanced capacity addition in the country. It is a joint collaboration between the Central Government and the State Government to share fund requirements and further to ensure growth of the States. Focus of the Government to provide electricity to every home by 2020 while Govt. is also focusing on ensuring cost of power at affordable price. Govt. of India while ensuring capacity addition in the power sector also focused environment, health benefits, reduction of import dependency, employment generation and to achieve these objectives approved the

National Policy on Biofuels, 2018. With the advent of new technique and better utilization of power, energy deficit of the Country reduced to 0.7% in 2018.

## OPERATIONAL PERFORMANCE

During the year under review, the company's power generation recorded 1701 Lacs units as compared to 1901 Lacs units recorded in the previous year. Your Company is selling power to its Holding company and a fellow subsidiary company. Fall in power generation was mainly due to fall in demand of the above buyers. During the Financial year 2018-19, your Company registered total income of ₹13,566.93 Lacs as compared to ₹11,494.56 Lacs recorded in the previous financial year. Your Company posted PBT of ₹1,511.10 Lacs as against ₹1,054.27 Lacs recorded in the previous financial year.

## SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2019 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, Four (4) Board Meetings were convened and held on 17th May, 2018, 26th July, 2018, 12th November, 2018 and 04th February, 2019. 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:

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	4	3
Mr. Sajjan Bhajanka	Non-Executive Director	4	4
Mr. Prem Kumar Bhajanka	Non-Executive Director	4	2
Mr. Lamshwa Kyndoh	Non-Executive Director	4	1
Mr. Rangbahduh Khonglah	Non-Executive Director	4	1
Mr. Mangilal Jain	Independent Director	4	4
Mr. Pramod Kumar Shah	Independent Director	4	4
Mr. Ghanshyam Agarwal#	Managing Director	4	1

\* Mr. Sanjay Kumar Agarwal, Managing Director of the Company resigned w.e.f. 31st July, 2018.

Mr. Sanjay Kumar Agarwal, has resigned from the directorship of the Company w.e.f. 30th November, 2018.

#Mr. Ghanshyam Agarwal was appointed as Managing Director of the Company w.e.f. 01st December, 2018.

## MEETINGS OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 15th March, 2019 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 AND INDIAN ACCOUNTING STANDARDS

The Company has complied with the applicable Secretarial Standards as recommended by the Institute of Company Secretaries of India. The Company has also complied with all relevant Indian Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 while preparing the financial statements.

## 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, 2019 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. The Board of Directors re-appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) as Cost Auditors of the Company for conducting the audit of cost records of the Company for the Financial Year 2018-19.

The Board of Directors of the Company on the recommendation of the Audit Committee, appointed Messrs Sanjib Das & Associates, Cost Accountants (Firm Registration Number 100751), as the Cost Auditors of the Company for the Financial Year 2019-20 under section 148 of the Companies Act, 2013. Messrs Sanjib Das & Associates have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3). The Audit Committee has also received a Certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to Messrs Sanjib

Das & Associates, Cost Auditors for the Financial Year 2019-20 is included in the Notice convening the ensuing Annual General Meeting.

The cost audit report for the Financial Year 2017-18 was filed with the Ministry of Corporate Affairs on 27.09.2018.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year under review, your Company has not made any investment or provided guarantee or security in connection with a loan to any person exceeding the limit specified in Section 186 of the Companies Act, 2013.

Details of the loans covered under the provisions of Section 186 of the Companies Act, 2013 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. In terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, the particulars of the material contract or arrangement entered into by the Company with related parties as referred to in Section 188 in form AOC – 2 is attached as **Annexure- 2** of this report. 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

- Specific steam consumption of 43 MW Turbine has reduced after overhauling.
- 43 MW ACC leakages arrested by maintenance, as a result of that turbine vacuum has improved.
- 37KW pump has been installed for AC in place of 260 KW. Earlier, 260KW ACW pump was running even during plant shutdown condition.
- 8MW ID fan load has been reduced by ESP overhauling and APH maintenance.
- 37KW motor of new CHP coal screen has been replaced by 22KW motor to optimize the power consumption
- 8MW condenser efficiency has improved by maintenance & jet cleaning.

#### (B) Steps taken towards Technical Absorption

- 12.5MVA transformer has been replaced by 20MVA to fulfill the power demand of Star Cement Meghalaya Limited as hot standby circuit (parallel to 45MVA Transformer).
- During the year under review, your Company incurred Capital expenditure of NIL (Previous year NIL) 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 ₹2,983.87 lacs (Previous year ₹2,526.22 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 2018-19, the Company had contributed in the following verticals:

#### Sustainable Livelihood & Skill Building

- Under the Pig Rearing Project, the Company has distributed high breed piglets free of cost and also supported the beneficiary households with cost effective pigsties through shared value mode. The farmers are also provided with training and veterinary support so that they can gain maximum profits with minimum hassels.

#### Rural Development

- Your Company has provided free lighting facilities in four villages of East Jaintia Hills district of Meghalaya around the plant through installation and maintenance of existing conventional street lights and shifting of focus from conventional energy to alternative energy solutions i.e., solar street lights.
- Your Company has contributed towards development of community hall at Lumshnong village.

#### 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- 3.**

### 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. Sanjay Kumar Agarwal resigned as Managing Director with effect from 31st July, 2018 and resigned as Director of the Company with effect from 30th November, 2018. The Board places on record its appreciation for the services rendered by Mr. Sanjay Kumar 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 12th November, 2018 appointed Mr. Ghanshyam Agarwal (DIN: 08181762) as Managing Director with effect from 01st December, 2018 for a term of 3 years subject to regularization/approval of the shareholders in the ensuing Annual General Meeting.

The tenure of appointment of Mr. Mangilal Jain as Independent Director expired on 31st March, 2019. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 04th February, 2019 re-appointed Mr. Mangilal Jain as an Independent Director of the Company for a second term of 1 (one) consecutive year from 1st April, 2019 upto 31st March, 2020. Accordingly, the shareholders of the Company approved the re-appointment of Mr. Mangilal Jain as an Independent Director for a second term of 1 (one) consecutive year from 1st April, 2019 upto 31st March, 2020 by way of special resolution passed at the Extra Ordinary General Meeting held on 29th March, 2019.

Mr. Pramod Kumar Shah was appointed as an Independent Director of the Company by the shareholders of the Company upto 31st March, 2020. On the recommendation of the Nomination & Remuneration Committee, the Board of Directors re-appointed Mr. Pramod Kumar Shah as an Independent Director for a further period of 3 (three) consecutive years effective from 1st April, 2020 upto 31st March, 2023 subject to approval of the shareholders of the Company by way Special Resolution at the ensuing Annual General Meeting.

In accordance with the provisions of Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Mr. Lamshwa Kyndoh, 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. Ghanshyam 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.

## **CREDIT RATINGS**

Your Company enjoys a sound reputation for its prudent financial management and its ability to meet financial obligations. ICRA Limited, has reaffirmed the Company's short term rating to [ICRA]A1+ (pronounced ICRA A one plus) and upgraded the long term rating at [ICRA]AA- (pronounced as ICRA double A minus) from [ICRA]A+ (pronounced ICRA A plus).

## **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 17th May, 2018, 26th July, 2018, 12th November, 2018 and 04th February, 2019. 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. Pramod Kumar Shah	Independent	Chairman	4	4
Mr. Mangilal Jain	Independent	Member	4	4
Mr. Sajjan Bhajanka	Non-Independent	Member	4	4

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 Committee met Two (2) times to deliberate on the various matters. The Meetings were held on 17th May, 2018 and 04th February, 2019. 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	2	2
Mr. Pramod Kumar Shah	Independent	Member	2	2
Mr. Sajjan Bhajanka	Non- Independent	Member	2	2

### 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 17th May, 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
Mr. Ghanshyam Agarwal**	Executive	Member	-	-

\* Mr. Sanjay Kumar Agarwal, Managing Director of the Company resigned w.e.f. 31st July, 2018.

\*\*Mr. Ghanshyam Agarwal was appointed as Managing Director of the company w.e.f. 01st December, 2018.

### d. Finance Committee

The Finance Committee deals within the terms of reference defined by the Board and ensures their expeditious implementation.

Four (4) times to deliberate on the various matters. The Meetings were held on 11th May, 2018, 26th July, 2018, 04th February, 2019 and 07th March, 2019. The composition of the Committee and the attendance details of the members are given below:

During the year under review, the Finance Committee met

Name of the Director	Category	Chairman/ Members	No. of Meeting	
			Held	Attended
Mr. Sajjan Bhajanka	Non-Independent	Chairman	4	4
Mr. Prem Kumar Bhajanka	Non-Independent	Member	4	1
Mr. Sanjay Kumar Agarwal*	Executive	Member	4	2
Mr. Ghanshyam Agarwal**	Executive	Member	4	2

\* Mr. Sanjay Kumar Agarwal, Managing Director of the Company resigned w.e.f. 31st July, 2018.

\*\*Mr. Ghanshyam Agarwal was appointed as Managing Director of the company w.e.f. 01st December, 2018.

## 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-4** 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

Place: Kolkata  
Date: 7th May, 2019

**Ghanshyam Agarwal**  
Managing Director  
(DIN: 08181762)

**Sajjan Bhajanka**  
Director  
(DIN: 00246043)

# Annexure – 1

## FORM NO. MGT - 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2019

[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, P.O.: 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	95.14

#### 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, P.O.: 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-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
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	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	-	1,71,10,620	1,71,10,620	99.89	-	1,71,10,620	1,71,10,620	99.89	-
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub - total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of promoter (A) = (A) (1) + (A) (2)</b>	-	1,71,10,620	1,71,10,620	99.89	-	1,71,10,620	1,71,10,620	99.89	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
<b>i) Others (specify)</b>	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
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)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2)</b>	-	20,000	20,000	0.11	-	20,000	20,000	0.11	-
<b>Total Public shareholding (B) =(B) (1) + (B) (2)</b>	-	20,000	20,000	0.11	-	20,000	20,000	0.11	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	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-2018]			Shareholding at the end of the year [As on 31-March-2019]			% 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	-	-
	<b>Total</b>	<b>1,71,10,620</b>	<b>99.89</b>	<b>-</b>	<b>1,71,10,620</b>	<b>99.89</b>	<b>-</b>	<b>-</b>

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

There are no changes in Promoter's shareholding during the Financial Year 2018-19.

(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	<b>Mr. Bhabok G. Kharkangar</b>						
	At the beginning of the year	01.04.2018		5,000	0.03	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2019		5,000	0.03	5,000	0.03
2	<b>Mr. Brij Bhushan Agarwal</b>						
	At the beginning of the year	01.04.2018		15,000	0.09	-	-
	Changes during the year			No changes during the year			
	At the end of the year	31.03.2019		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	<b>Mr. Sajjan Bhajanka (Non-Executive Director)</b> At the beginning of the year	01.04.2018		15,000	0.09	-	-
				No changes during the year			
2	<b>Mr. Sanjay Kumar Agarwal (Managing Director upto 31.07.2018 and Director upto 30.11.2018)</b> Changes during the year	31.03.2019		15,000	0.09	15,000	0.09
				No changes during the year			
3	<b>Mr. Prem Kumar Bhajanka (Non-Executive Director)</b> At the beginning of the year	01.04.2018		-	-	-	-
				No changes during the year			
4	<b>Mr. Mangilal Jain (Independent Director)</b> Changes during the year	30.11.2018		-	-	-	-
				No changes during the year			
5	<b>Mr. Prem Kumar Bhajanka (Non-Executive Director)</b> At the beginning of the year	01.04.2018		-	-	-	-
				No changes during the year			
6	<b>Mr. Lamshwa Kyndoh (Non-Executive Director)</b> Changes during the year	31.03.2019		-	-	-	-
				No changes during the year			
7	<b>Mr. Mangilal Jain (Independent Director)</b> At the beginning of the year	01.04.2018		-	-	-	-
				No changes during the year			
8	<b>Mr. Rangbahaduh Khonglah (Non-Executive Director)</b> Changes during the year	31.03.2019		-	-	-	-
				No changes during the year			
9	<b>Mr. Lamshwa Kyndoh (Non-Executive Director)</b> At the beginning of the year	01.04.2018		-	-	-	-
				No changes during the year			
10	<b>Mr. Pramod Kumar Shah (Independent Director)</b> Changes during the year	31.03.2019		-	-	-	-
				No changes during the year			
11	<b>Mr. Ghanshyam Agarwal (Managing Director w.e.f. 01.12.2018)</b> At the beginning of the year	01.12.2018		-	-	-	-
				No changes during the year			
12	<b>Mr. Debabrata Thakurta (Company Secretary)</b> Changes during the year	31.03.2019		-	-	-	-
				No changes during the year			
13	<b>Mr. Bishal Kumar Agarwal (Chief Financial Officer)</b> At the beginning of the year	01.04.2018		-	-	-	-
				No changes during the year			
14	<b>Mr. Bishal Kumar Agarwal (Chief Financial Officer)</b> Changes during the year	31.03.2019		-	-	-	-
				No changes during the year			

## 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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	6,021.26	3,800.00	-	9,821.26
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.02	63.23	-	63.25
<b>Total (i+ii+iii)</b>	<b>6,021.28</b>	<b>3,863.23</b>	-	<b>9,884.51</b>
<b>Change in Indebtedness during the financial year #</b>				
Addition	1,316.00	4,500.00	-	5,816.00
Reduction	2,953.45	2,863.23	-	5,816.68
Net Change	(1,637.45)	1,636.77	-	(0.68)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4,383.82	5,500.00	-	9,883.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.15	-	-	1.15
<b>Total (i+ii+iii)</b>	<b>4,384.97</b>	<b>5,500.00</b>	-	<b>9,884.97</b>

\*\* 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	#Mr. Ghanshyam Agarwal	
	Designation	Managing Director	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. ₹75.55 lacs		

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

\* Resigned w.e.f. 31.07.2018

# Appointed w.e.f. 01.12.2018. No remuneration is being given to Mr. Ghanshyam Agarwal, who was appointed on honorary basis.

### B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount (₹ /Lacs)
		Mr. Mangilal Jain	Mr. Rangabudh Khonglah	Mr. Lamshwa Kyndoh	Mr. Pramod Kr. Shah	
<b>1</b>	<b>Independent Directors</b>					
	Fee for attending Board/ Committee meetings	0.43	-	-	0.40	0.83
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>0.43</b>	<b>-</b>	<b>-</b>	<b>0.40</b>	<b>0.83</b>
<b>2</b>	<b>Other Non-Executive Directors</b>					
	Fee for attending Board/ Committee meetings	-	0.05	0.05	-	0.10
	Commission	-	-	-	-	-
	Others (Remuneration paid for availing professional services)	-	2.40	6.00	-	8.40
	<b>Total (2)</b>	<b>-</b>	<b>2.45</b>	<b>6.05</b>	<b>-</b>	<b>8.50</b>
	<b>Total (B)=(1+2)</b>	<b>0.43</b>	<b>2.45</b>	<b>6.05</b>	<b>0.40</b>	<b>9.33</b>
	Total Managerial Remuneration					9.33
	Overall ceiling as per the Act	11% of the net profit i.e. ₹166.22 lacs				

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

Sl. No.	Particulars of Remuneration Name	Name of Key Managerial Personnel		Total Amount (₹ /Lacs)
		Mr. Bishal Kumar Agarwal	Mr. Debabrata Thakurta*	
1	Designation	Chief Financial Officer	Company Secretary	
	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.58	-	11.58
	(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	-	-	-
	<b>Total</b>	<b>11.58</b>	<b>-</b>	<b>11.58</b>

\*Mr. Debabrata Thakurta, Company Secretary draws salary from its Holding Company, Star Cement Limited (Formerly Cement Manufacturing Company Ltd.)

### 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

### FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis – NIL  
All transactions entered into by the Company during the year with related parties were on arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) Name(s) of the related party and nature of relationship – Shyam Century Ferrous Limited (SCFL), Associate Company
  - (b) Nature of contracts/arrangements/transactions –
    - (i) Sale, purchase or supply of any goods or materials [Section 188(1)(a) of Companies Act, 2013]
    - (ii) Availing and Rendering of Services [Section 188(1)(d) of Companies Act, 2013]
  - (c) Duration of the contracts/arrangements/transactions - On-going transaction (Continuous)
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:  
The transaction with Shyam Century Ferrous Limited includes:
    - (i) Sale of Power  
The transaction value for the financial year 2018-19 with SCFL was ₹1,598.14 Lacs.
  - (e) Date(s) of approval by the Board, if any:  
Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the Board is not applicable. However, these are reported to the Audit Committee / Board at their quarterly meetings.
  - (f) Amount paid as advances, if any: NIL

For and on behalf of the Board of Directors

Place: Kolkata  
Date: 7th May, 2019

**Ghanshyam Agarwal**  
Managing Director  
(DIN: 08181762)

**Sajjan Bhajanka**  
Director  
(DIN: 00246043)

## Annexure – 3

### 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. Ghanshyam Agarwal - Executive Director

**3. Average Net Profit of the Company for last 3 financial years: ₹1,342.62 Lacs**

**4. Prescribed CSR expenditure (2% of amount) : ₹26.85 Lacs**

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

a) Total amount to be spent for the financial year: ₹26.85 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	11.50	11.50	11.50	Through implementing agency i.e. Friends of Tribal Society and direct
2.	Livelihood enhancement	Livelihood enhancement and skill building	Meghalaya	10.25	10.25	10.25	Through registered trust
3.	Local area and rural development	Rural development	Meghalaya	23.09	23.09	23.09	Through registered trust
<b>Total</b>				<b>44.84</b>	<b>44.84</b>	<b>44.84</b>	

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: 7th May, 2019

**Ghanshyam Agarwal**  
Managing Director  
(DIN: 08181762)

**Mangilal Jain**  
Chairman – CSR Committee  
(DIN: 00353075)

## Annexure – 4

**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	29.77	Permanent	B Tech (Electrical)	29	25.07.2004	48	Kalyanpur Cements Limited	NIL	None
2	Mr. Navneet Rathi	Deputy General Manager - Operations & Maintenance	23.25	Permanent	Diploma (Mechanical) & BOE	24	10.04.2015	44	Amrit Cement Limited	NIL	None
3	Mr. Sumanta Chand	Manager - Power Sales	21.31	Permanent	MBA (power management), B. Tech (Information Technology)	10	20.09.2013	35	Sterlite Energy Limited	NIL	None
4.	Mr. Bishal Kumar Agarwal	Chief Financial Officer	11.58	Permanent	Chartered Accountant	10	06.02.2018	32	UTD E Services (P) Ltd	NIL	None
5	Mr. Utpal Senapati	Senior Executive - Finance & Accounts	10.25	Permanent	B.Com	14	02.06.2008	39	ITC Limited	NIL	None
6	Mr. Shashank Shekhar Mishra	Senior Engineer - Instrumentation	8.86	Permanent	Diploma in Instrumentation Engineering	12	15.11.2008	42	DLF Power Limited	NIL	None
7	Mr. Ashok Kumar	Assistant Engineer - Electrical	8.39	Permanent	ITI Electrical	20	11.10.2008	45	Bajaj Hindustan & Sugar India Limited	NIL	None
8	Mr. Aftab Alam	Junior Engineer	7.15	Permanent	Boiler – 1st class	27	21.12.2011	53	Geep Industrial Syndicate Ltd.	NIL	None
9	Mr. Santosh Kumar Singh	Senior Engineer	7.02	Permanent	Diploma in instrumentation	12	19.05.2011	33	SK Singh Artee Flow Controls Pvt. Ltd.	NIL	None
10	Mr. Purnendu Vikash Nayak	Senior Officer – Stores & Purchase	6.95	Permanent	B. Sc & ADCA	23	07.11.2005	44	Worthy Plywood Ltd.	NIL	None

# FINANCIAL STATEMENTS

# INDEPENDENT AUDITORS' REPORT

To  
the Members of  
Meghalaya Power Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Meghalaya Power Limited (the "Company"), which comprise the Balance sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and Statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's Responsibility for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act, read with the relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and

maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the

audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order.

### As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
- (g) With respect to the other matters to be included in the Auditors 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 financial statements – Refer Note-38 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, 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 7, 2019

## 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 2019

- i. In respect of the Company's fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - 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.
  - 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 any body 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 and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to loan and investments made.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies

(Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of 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:

- 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 31st March, 2019 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, 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	CESTAT

- 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. To the best of our knowledge and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees 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 to us and based on our examination of the records of the Company, 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 to 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. The 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 7, 2019

## 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 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established 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 of internal financial controls, both applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be

detected. Also, projections of any evaluation of the Internal Financial controls over financial reporting to future periods are subject to 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 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Niraj K Jhunjhunwala**  
*Partner*  
Membership No. 057170

Place: Kolkata  
Date: May 7, 2019

## Balance sheet as at 31 March, 2019

(₹ In lacs)

Particulars	Notes	31-Mar-19	31-Mar-18
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	19,095.71	19,676.92
(b) Capital work-in-progress		33.40	646.51
(c) Financial assets			
(i) Loans	4	0.49	1.12
(d) Non current tax assets (net)	5	154.21	179.71
(e) Other non-current assets	6	201.48	172.29
<b>Total non-current assets</b>		<b>19,485.29</b>	<b>20,676.55</b>
<b>(2) Current assets</b>			
(a) Inventories	7	5,099.39	4,683.23
(b) Financial assets			
(i) Trade receivables	8	1,220.30	961.06
(ii) Cash and cash equivalents	9	147.01	152.02
(c) Other current assets	10	343.25	333.01
<b>Total current assets</b>		<b>6,809.95</b>	<b>6,129.32</b>
<b>Total assets</b>		<b>26,295.24</b>	<b>26,805.87</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	11	1,713.06	1,713.06
(b) Other equity	12	12,293.97	11,025.41
<b>Total equity</b>		<b>14,007.03</b>	<b>12,738.47</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	5,500.00	5,763.98
(b) Employee benefit obligations	14	36.90	27.94
(c) Deferred tax liabilities (net)	15	261.59	325.34
(d) Other non current liabilities	16	47.50	50.97
<b>Total non-current liabilities</b>		<b>5,845.99</b>	<b>6,168.23</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	2,350.20	1,577.71
(ii) Trade payables	18		
a) Total outstanding dues of micro enterprises and small enterprises		0.41	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,243.82	3,119.89
(iii) Other financial liabilities	19	2,778.56	3,122.92
(b) Employee benefit obligation	20	14.97	16.86
(c) Current tax liabilities (net)	21	1.34	-
(d) Other current liabilities	22	52.92	61.79
<b>Total current liabilities</b>		<b>6,442.22</b>	<b>7,899.17</b>
<b>Total liabilities</b>		<b>12,288.21</b>	<b>14,067.40</b>
<b>Total equity and liabilities</b>		<b>26,295.24</b>	<b>26,805.87</b>
Significant accounting policies	1 & 2		

The accompanying notes are an integral 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.**

Chartered Accountants

Firm Registration No.:304138E

**Bishal Kumar Agarwal**  
Chief Financial Officer

**Ghanshyam Agarwal**  
Managing Director  
DIN : 08181762

**Niraj K Jhunjunwala**  
Partner  
Membership No:057170

**Debabrata Thakurta**  
Company Secretary

**Sajjan Bhajanka**  
Director  
DIN : 00246043

Place: Kolkata  
Date : 07 May, 2019

## Statement of profit and loss for the year ended 31 March, 2019

(₹ In lacs)

Particulars	Notes	31-Mar-19	31-Mar-18
<b>INCOME</b>			
Revenue from operations	23	13,566.60	11,486.79
Other income	24	0.33	7.77
<b>Total Income</b>		<b>13,566.93</b>	<b>11,494.56</b>
<b>EXPENSES</b>			
Purchase of traded goods		1,579.07	144.78
Power inventory (increase)/decrease	25	252.89	558.41
Excise duty		-	2.40
Employee benefit expenses	26	643.71	647.38
Finance costs	27	771.85	985.69
Depreciation	28	1,558.33	1,670.71
Other expenses	29	7,249.98	6,430.92
<b>Total Expenses</b>		<b>12,055.83</b>	<b>10,440.29</b>
<b>Profit before tax</b>		<b>1,511.10</b>	<b>1,054.27</b>
<b>Tax expenses</b>			
- Current tax	30	305.43	204.28
- Deferred tax		(63.49)	(282.13)
<b>Profit for the year</b>		<b>1,269.16</b>	<b>1,132.12</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit and loss			
Remeasurements of post-employment benefit obligations	32	(0.84)	(2.49)
Income tax relating to these items		0.24	0.72
<b>Other comprehensive income for the year (net of tax)</b>		<b>(0.60)</b>	<b>(1.77)</b>
<b>Total comprehensive income for the year</b>		<b>1,268.56</b>	<b>1,130.35</b>
<b>Earnings per equity share</b>			
Basic earning per share (₹ per share)	31	7.41	6.61
Diluted earning per share (₹ per share)	31	7.41	6.61
Significant accounting policies	1 & 2		

The accompanying notes are an integral 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.**

Chartered Accountants

Firm Registration No.:304138E

**Bishal Kumar Agarwal**  
Chief Financial Officer

**Ghanshyam Agarwal**  
Managing Director  
DIN : 08181762

**Niraj K Jhunjhunwala**

Partner

Membership No:057170

**Debabrata Thakurta**  
Company Secretary

**Sajjan Bhajanka**  
Director  
DIN : 00246043

Place: Kolkata

Date : 07 May, 2019

## Statement of Changes in Equity for the year ended 31 March, 2019

### A. Equity share capital

(₹ In lacs)

Particulars	Amount
<b>As at 1 April, 2017</b>	1,713.06
Changes in equity share capital	-
<b>As at 1 April, 2018</b>	<b>1,713.06</b>
Changes in equity share capital	-
<b>As at 31 March, 2019</b>	<b>1,713.06</b>

### B. Other equity

(₹ In lacs)

Particulars	Reserve and surplus		Total other equity
	Securities premium	Retained earnings	
<b>Balance as at 1 April, 2017</b>	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)
<b>Total comprehensive income for the year (a + b)</b>	-	<b>1,130.35</b>	<b>1,130.35</b>
<b>Balance as at 31 March, 2018</b>	<b>5,232.25</b>	<b>5,793.16</b>	<b>11,025.41</b>

(₹ In lacs)

Particulars	Reserve and surplus		Total other equity
	Securities premium	Retained earnings	
<b>Balance as at 1 April, 2018</b>	5,232.25	5,793.16	11,025.41
Profit for the year (a)	-	1,269.16	1,269.16
Other comprehensive income/ (loss) for the year (net of tax) (b)	-	(0.60)	(0.60)
<b>Total comprehensive income for the year (a + b)</b>	-	<b>1,268.56</b>	<b>1,268.56</b>
<b>Balance as at 31 March, 2019</b>	<b>5,232.25</b>	<b>7,061.72</b>	<b>12,293.97</b>

The accompanying notes are an integral part of the financial statements

As per our report of the even date

**For & on Behalf of Board of Directors**

**For D. K Chhajjer & Co.**

*Chartered Accountants*

Firm Registration No.:304138E

**Bishal Kumar Agarwal**

*Chief Financial Officer*

**Ghanshyam Agarwal**

*Managing Director*

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Membership No:057170

**Debabrata Thakurta**

*Company Secretary*

**Sajjan Bhajanka**

*Director*

DIN : 00246043

Place: Kolkata

Date : 07 May, 2019

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

(₹ In lacs)

Particulars	31-Mar-19	31-Mar-18
<b>Cash flow from Operating Activities</b>		
Net profit before tax	1511.10	1054.27
<b>Adjustments for :</b>		
Depreciation & Amortisation	1558.33	1670.71
Loss / (Gain) on sale of Property Plant & Equipment	(0.04)	3.10
Interest Expenses	771.85	985.69
<b>Operating Profit before working Capital changes</b>	<b>3,841.22</b>	<b>3,713.77</b>
<b>Adjustments for :</b>		
(Increase) / Decrease in Trade receivables	(259.24)	(44.32)
( Increase) / Decrease in Inventories	(416.16)	(316.60)
(Increase) / Decrease in Loans	0.63	(0.12)
(Increase) / Decrease in Other assets	(13.92)	1080.71
Increase / (Decrease) in Other payable (Including Trade Payable)	(1875.67)	1399.90
Increase / (Decrease) in Other liabilities and provision	149.61	29.23
<b>Cash Generated from Operations</b>	<b>1,426.46</b>	<b>5,862.57</b>
Income Tax Paid	(300.00)	(390.00)
<b>Net cashflow from Operating Activities (A)</b>	<b>1,126.46</b>	<b>5,472.57</b>
<b>Cash flow from Investing Activities</b>		
Purchase of Property Plant & Equipment (Including WIP) - Net*	(246.76)	(132.24)
Sale of Property Plant & Equipment	0.08	9.86
<b>Net Cash used in investing Activities (B)</b>	<b>(246.68)</b>	<b>(122.38)</b>
<b>Cash Flow from Financing Activities</b>		
Interest Paid	(762.79)	(970.12)
Proceeds from / (Repayment of) Long Term Borrowings	(263.98)	(4,417.69)
Proceeds from / (Repayment of) Short Term Borrowings	141.98	119.95
<b>Net Cash used in Financing Activities ( C)</b>	<b>(884.79)</b>	<b>(5,267.86)</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(5.01)</b>	<b>82.33</b>
<b>Cash and Cash Equivalents</b>		
Opening Balance	152.02	69.69
<b>Closing Balance</b>	<b>147.01</b>	<b>152.02</b>

**Note-**

\*Significant non cash movement in Borrowing and Property, plant and equipment during the year include foreign exchange loss of ₹121.34 Lacs(₹19.89 lacs as on 31.03.2018)

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.**

Chartered Accountants  
Firm Registration No.:304138E

**Bishal Kumar Agarwal**  
Chief Financial Officer

**Ghanshyam Agarwal**  
Managing Director  
DIN : 08181762

**Niraj K Jhunjhunwala**  
Partner  
Membership No:057170

**Debabrata Thakurta**  
Company Secretary

**Sajjan Bhajanka**  
Director  
DIN : 00246043

Place: Kolkata  
Date : 07 May, 2019

## Notes to financial statements for the year ended 31 March, 2019

### Corporate Information

Meghalaya Power Limited (the Company) is a Public Limited Company domiciled in India and incorporated on 4th October, 2002 under the provisions of Companies Act, 1956. 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) read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

The Company has adopted all the applicable Ind AS standards effective 1st April, 2017 and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April, 2017 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 Limited's 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 or 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.

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.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 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.

#### Capital Work In Progress

Capital work in progress is carried at cost comprising direct cost 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/subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants which are received by way of recoupment/reimbursement of any items of expenses are recognized in the Profit & Loss Account by reducing the same from the respective items of expenses. Grants related to assets which are recognized in the Statement of Financial Position as deferred income, are recognized to the Statement of profit or 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 recognized 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 recognized 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.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

Borrowings are removed from the Statement of Financial Position 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 realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Banked Power 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 (excluding finished goods and Work-in-progress) 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.

### 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.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

- **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 entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity 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 the 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 recognized 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 group 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.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 1.17 (A) Revenue Recognition

Revenue is recognized when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Company and specific criteria have been met for each of the Companies activities as described below. 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. Further, specific criteria for revenue recognition followed for different businesses are as under-

Revenue from sale of power is accounted for on the basis of billing to consumers based on billing cycles when control of the products has transmitted to the customers. Generally all consumers are billed on the basis of recording of consumption of energy by installed meters.

Sales are recognised when control of the products has transferred, being when the products are delivered to the customers. Delivery occurs when the product has been despatched to the specific location as the case may be, the risk of obsolescence and loss has been transferred and there is no unfulfilled obligation that could affect the buyer's acceptance of the product as per the terms of the contract and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Revenue is recognised based on the price specified in the contract and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the goods are transmitted/dispached as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### (B) Other Income

Interest income is recognised 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

Employees 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 profit and loss account of the year when the contributions to the respective funds are due.

#### (iii) Defined Benefit Plan

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 the date of the 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 the date of the 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 income 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 consolidated 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 income 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 income tax liability is settled.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

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 also 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 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 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 recognized 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 recognized 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

#### (a) Ind AS 116 – "Leases"

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019. Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

The Statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

Presently, the Company is in the process of evaluating the impact that application of Ind AS 116 is expected to have on its financial statements. The Company intends to apply simplified transition approach and will not restate comparative information in the financial statements for the year ending 31 March 2020 to show the impact of adopting Ind AS 116.

### **b) Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes'**

This appendix was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019. The appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- (i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or
- (ii) together as a group, depending on which approach better predicts the resolution of the uncertainty;
- (iii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- (iv) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- (v) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- (vi) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

Presently, the Company is in the process of evaluating the impact that application of this appendix is expected to have on its financial statements. The Company intends to apply this appendix retrospectively, with the cumulative effect of initially applying the appendix recognised at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

**Notes to financial statements** for the year ended 31 March, 2019 (contd.)  
**3. Property, Plant, Equipment**

(₹ In lacs)

Particulars	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
<b>Gross Block</b>														
<b>At 1st April, 2018</b>	680.73	2,231.52	416.77	19,560.31	3.47	214.78	63.73	10.57	4.59	5.30	4.84	34.11	9.64	23,240.38
Addition	2.54	173.07	32.55	768.65	-	3.38	-	-	0.19	-	0.20	0.63	-	981.21
Disposals/ Deduction/ Adjustments									0.13		0.10			0.23
<b>At 31 March, 2019</b>	<b>683.27</b>	<b>2,404.60</b>	<b>449.32</b>	<b>20,328.96</b>	<b>3.47</b>	<b>218.16</b>	<b>63.73</b>	<b>10.57</b>	<b>4.66</b>	<b>5.30</b>	<b>4.93</b>	<b>34.74</b>	<b>9.64</b>	<b>24,221.36</b>
Accumulated Depreciation														
At 1st April, 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
charge for the year		<b>188.18</b>	<b>38.32</b>	<b>1,287.38</b>	<b>0.45</b>	<b>29.40</b>	<b>8.63</b>	<b>1.52</b>	<b>1.02</b>	<b>0.56</b>	<b>0.73</b>	<b>4.81</b>	<b>1.38</b>	<b>1,562.38</b>
Disposals/ Deduction/ Adjustments														
<b>At 31 March, 2019</b>	-	<b>594.49</b>	<b>161.74</b>	<b>4,143.79</b>	<b>2.75</b>	<b>136.60</b>	<b>41.79</b>	<b>7.12</b>	<b>3.01</b>	<b>4.03</b>	<b>2.46</b>	<b>21.83</b>	<b>6.04</b>	<b>5,125.65</b>
Net Carrying Value														
At 31 March, 2018	680.73	1,825.22	293.35	16,703.90	1.17	107.58	30.57	4.98	2.50	1.83	3.01	17.09	4.98	19,676.92
<b>At 31 March, 2019</b>	<b>683.27</b>	<b>1,810.11</b>	<b>287.58</b>	<b>16,185.17</b>	<b>0.72</b>	<b>81.56</b>	<b>21.93</b>	<b>3.45</b>	<b>1.65</b>	<b>1.28</b>	<b>2.47</b>	<b>12.91</b>	<b>3.60</b>	<b>19,095.71</b>

Note: a) During the year Company has sold/ discarded property, plant and equipment amounting to ₹0.23 Lacs (31 March 2018- ₹9.86 Lacs)

b) During the year foreign exchange Loss as at 31 March 2019 ₹318.89 Lacs (as at 31 March 2018- ₹19.89), is added to the gross assets in accordance with para 46A of AS-11 (Previous 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.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 4. Loans

(₹ In lacs)

	31-Mar-19	31-Mar-18
<i>Unsecured, considered Good</i>		
Security deposits	0.49	1.12
	<b>0.49</b>	<b>1.12</b>

### 5. Non current tax assets (net)

(₹ In lacs)

	31-Mar-19	31-Mar-18
Advance income tax (net of provision for taxation of ₹861.44 Lacs, as at for 31 March 2018 ₹1135.27 lacs )	154.21	179.71
	<b>154.21</b>	<b>179.71</b>

### 6. Other non-current assets

(₹ In lacs)

	31-Mar-19	31-Mar-18
<i>Unsecured, considered good</i>		
Capital advances	201.48	172.29
	<b>201.48</b>	<b>172.29</b>

### 7. Inventories

(₹ In lacs)

	31-Mar-19	31-Mar-18
<b>Inventories</b>		
Power Inventory (With MESCL)	1,724.28	1,977.17
Fuels, Stores & Spares parts	3,375.11	2,706.06
	<b>5,099.39</b>	<b>4,683.23</b>

### 8. Trade receivables

(₹ In lacs)

	31-Mar-19	31-Mar-18
<i>Unsecured</i>		
Considered good	1,220.30	961.06
	<b>1,220.30</b>	<b>961.06</b>

### 9. Cash and cash equivalents

(₹ In lacs)

	31-Mar-19	31-Mar-18
Cash in hand	12.55	10.43
Cheques in hand	15.50	61.23
Balance with Banks	118.96	80.35
	<b>147.01</b>	<b>152.02</b>

### 10. Other current assets

(₹ In lacs)

	31-Mar-19	31-Mar-18
Advances to suppliers	163.98	190.96
Advances for goods, services & expenses	0.64	1.85
Prepaid expenses	50.81	61.01
Subsidies / incentives receivable from central / state governments	39.68	26.22
Advances to employees	11.02	1.27
Income tax refund receivable	77.12	51.70
	<b>343.25</b>	<b>333.01</b>

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 11. Equity share capital

(₹ In lacs)

	31-Mar-19	31-Mar-18
<b>Authorized Capital</b>		
2,00,00,000 (2,00,00,000 as at 31 March 2018) Equity Shares of ₹10 each fully paid	2,000.00	2,000.00
<b>Issued, Subscribed &amp; fully Paid -up Shares</b>		
1,71,30,620 (1,71,30,620 as at 31 March 2018) Equity Shares of ₹10 each fully paid	1,713.06	1,713.06
	<b>1,713.06</b>	<b>1,713.06</b>

#### 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-19	31-Mar-18
<b>Equity shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
At the beginning of the year	1,71,30,620	1,71,30,620
Issued during the year	-	-
<b>Outstanding at the end of the year</b>	<b>1,71,30,620</b>	<b>1,71,30,620</b>

#### c) Shares held by Holding Company

	31-Mar-19	31-Mar-18
	<b>No. of Shares</b>	<b>No. of Shares</b>
Out of equity shares issued by the Company, shares held by its holding company as below:		
Star Cement Limited (Formerly Cement Manufacturing Company Ltd.)	87,36,620	87,36,620

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

	31-Mar-19	31-Mar-18
	<b>No. of Shares</b>	<b>No. of Shares</b>
	<b>% of holding</b>	<b>% of holding</b>
Star Cement Limited (Formerly Cement Manufacturing Company Ltd.)	87,36,620	87,36,620
	51.00%	51.00%
Shyam Century Ferrous Limited	83,58,998	83,58,998
	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.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 12. Other equity

(₹ In lacs)

	31-Mar-19	31-Mar-18
<b>Reserve and surplus</b>		
<b>Securities premium</b>		
Opening balance	5,232.25	5,232.25
Movement during the year	-	-
Closing Balance	<b>5,232.25</b>	<b>5,232.25</b>
<b>Retained earnings</b>		
Opening balance	5,793.16	4,662.82
Profit / (loss) for the year	1,269.16	1,132.12
<b>Items of other comprehensive income directly recognised in retained earnings</b>		
Remeasurements of post-employment benefit obligations (net of tax)	(0.60)	(1.77)
<b>Closing Balance</b>	<b>7,061.72</b>	<b>5,793.16</b>
<b>Total</b>	<b>12,293.97</b>	<b>11,025.41</b>

#### 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-19	31-Mar-18
<b>Term loans (secured)</b>		
Foreign currency loan from banks	2,031.14	4,429.66
<b>Unsecured</b>		
Loans from related party	5,500.00	3,000.00
Loans from a director	-	863.23
<b>Other loans &amp; advances (secured)</b>		
-Hire purchase finance from banks	-	2.35
	<b>7,531.14</b>	<b>8,295.24</b>
Less: Current maturities of long term borrowings	2,031.14	2,531.26
	<b>5,500.00</b>	<b>5,763.98</b>

13.1 Foreign currency loan as at 31 March, 2019: ₹2031.14 Lacs, (31 March 2018: ₹4429.66 lacs) from a bank is repayable in further 3 quarterly installments ending on December 2019.

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

13.3 Loan from director has been repaid by the Company in the financial year 2018-19

13.4 Hire Purchase Finance was secured by hypothecation of respective vehicles and the outstanding balance was repaid by the Company in the financial year 2018-19.

13.5 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-19	31-Mar-18
<b>Provisions for employee benefits</b>		
-Gratuity	36.90	27.94
	<b>36.90</b>	<b>27.94</b>

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 15. Deferred tax liabilities (net)

(₹ In lacs)

	31-Mar-19	31-Mar-18
<b>Deferred tax liabilities</b>		
Property, plant and equipment	1,691.40	1,446.76
Borrowings	0.71	3.36
	<b>1,692.11</b>	<b>1,450.13</b>
<b>Deferred tax assets</b>		
MAT credit entitlement	1,415.42	1,109.99
Employee benefit obligations	15.10	14.80
	<b>1,430.52</b>	<b>1,124.79</b>
<b>Net deferred tax (asset) / liabilities</b>	<b>261.59</b>	<b>325.34</b>

### 16. Other non current liabilities

(₹ In lacs)

	31-Mar-19	31-Mar-18
Deferred government grant	47.50	50.97
	<b>47.50</b>	<b>50.97</b>

### 17. Borrowings

(₹ In lacs)

	31-Mar-19	31-Mar-18
<b>Working capital facilities from banks (secured)</b>		
Cash credit	2,350.20	1,577.71
	<b>2,350.20</b>	<b>1,577.71</b>

Working capital facilities of ₹2350.20 Lacs(31 March 2018: ₹1577.71 Lacs) 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-19	31-Mar-18
a) Total outstanding dues of micro enterprises and small enterprises	0.41	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,243.82	3,119.89
	<b>1,244.23</b>	<b>3,119.89</b>

### 19. Other financial liabilities

(₹ In lacs)

	31-Mar-19	31-Mar-18
Current maturities of long-term borrowings	2,031.14	2,531.26
Interest accrued but not due on borrowings	1.15	0.02
Retention money	26.67	26.41
Security deposit	12.63	14.91
Other liabilities	694.66	530.07
Salary and bonus to employees	12.31	20.25
	<b>2,778.56</b>	<b>3,122.92</b>

### 20. Employee benefit obligation

(₹ In lacs)

	31-Mar-19	31-Mar-18
<b>Provisions for employee benefits</b>		
-Leave encashment	11.65	12.64
-Gratuity	3.32	4.22
	<b>14.97</b>	<b>16.86</b>

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 21. Current tax liabilities (net)

(₹ In lacs)

	31-Mar-19	31-Mar-18
Provision for taxation (net of advance advance tax of ₹309.32 Lacs for 31 March 2019 , Nil for 31 March 2018)	1.34	-
	1.34	-

### 22. Other current liabilities

(₹ In lacs)

	31-Mar-19	31-Mar-18
<b>Other payables</b>		
Statutory liabilities	48.03	51.54
Advance from customer	1.41	6.21
Current Deferred government grant	3.48	4.04
	<b>52.92</b>	<b>61.79</b>

### 23. Revenue from operations

(₹ In lacs)

	31-Mar-19	31-Mar-18
Sale of power	12,906.87	10,968.32
<b>Other operating revenue</b>		
Sale of fly ash and ferro silicion	659.73	518.47
<b>Revenue from operation</b>	<b>13,566.60</b>	<b>11,486.79</b>

### 24. Other income

(₹ In lacs)

	31-Mar-19	31-Mar-18
Other Receipt	0.33	7.77
	<b>0.33</b>	<b>7.77</b>

### 25. Power inventory (increase)/decrease

(₹ In lacs)

	31-Mar-19	31-Mar-18
Opening power inventory stock	1,977.17	2,535.58
Closing power inventory stock	1,724.28	1,977.17
<b>(Increase)/decrease</b>	<b>252.89</b>	<b>558.41</b>

### 26. Employee benefit expenses

(₹ In lacs)

	31-Mar-19	31-Mar-18
Salaries and wages	613.37	614.25
Contribution to provident fund	16.51	19.61
Staff welfare expenses	13.83	13.52
	<b>643.71</b>	<b>647.38</b>

### 27. Finance costs

(₹ In lacs)

	31-Mar-19	31-Mar-18
<b>Interest expenses</b>		
- On loan measured at amortised cost	735.53	975.02
- Other finance costs	36.32	10.67
	<b>771.85</b>	<b>985.69</b>

### 28. Depreciation

(₹ In lacs)

	31-Mar-19	31-Mar-18
Depreciation on Property, Plant & Equipment	1,558.33	1,670.71
	<b>1,558.33</b>	<b>1,670.71</b>

Depreciation is net of amortisation of Government Grants amounting to ₹4.05 Lacs as at 31 March 2019 (31 March 2018 ₹37.60 Lacs).

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 29. Other expenses

(₹ In lacs)

	31-Mar-19	31-Mar-18
Consumption of stores & spares	20.98	16.67
Fuel consumption	5,465.83	5,410.13
Repairs & maintenance		
- Building	10.44	9.53
- Plant & machinery	984.37	508.94
- Others	21.52	34.69
Heavy vehicle / equipment running exp.	89.97	104.87
Travelling and conveyance	8.44	6.11
Insurance	51.95	91.01
Rent, rates & taxes	400.54	64.79
CSR expenses (Refer Note No. 40)	44.84	56.57
Miscellaneous expenses (Refer Note *)	151.10	127.61
	<b>7,249.98</b>	<b>6,430.92</b>

\*Miscellaneous expenses include expenses paid to auditors Refer Note No 41.

### 30. Income tax expense

(₹ In lacs)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
<i>Current tax</i>		
Current tax on profits for the year	305.43	204.28
<b>Total current tax expense</b>	<b>305.43</b>	<b>204.28</b>
<i>Deferred tax</i>		
MAT credit entitlement	(305.43)	(204.28)
Deferred tax - Others	241.94	(77.85)
<b>Total deferred tax benefit</b>	<b>(63.49)</b>	<b>(282.13)</b>
<b>Income tax expense</b>	<b>241.94</b>	<b>(77.85)</b>

#### 30.1 Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(₹ In lacs)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Profit before tax	1,511.10	1,054.27
<b>Tax at the Indian tax rate of 29.12% (2017-18 - 34.608%)</b>	<b>440.03</b>	<b>364.86</b>
Items not deductible/taxable under tax	(229.51)	(13.84)
Additional deduction under various provisions of tax	(211.70)	(148.37)
Impact of change in tax rate during the year	-	(14.67)
Other adjustments	243.12	(265.82)
<b>Income tax expense</b>	<b>241.94</b>	<b>(77.85)</b>

30.2 The tax rate used for the financial year 2018-19 and 2017-18 reconciliation above is the Corporate Tax Rate of 29.12 % (25% + Surcharge 12% + Education Cess 4%) & 34.608% (30% + Surcharge 12% + Education Cess 3%) respectively payable on taxable profit under Income Tax Act 1961.

### 31. Earnings per share

#### (a) Basic earnings per share

Particulars	31-Mar-19	31-Mar-18
Basic earnings per share attributable to the equity holders of the Company (in ₹)	7.41	6.61

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### (b) Diluted earnings per share

Particulars	31-Mar-19	31-Mar-18
Diluted earnings per share attributable to the equity holders of the Company (in ₹)	7.41	6.61

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

(₹ In lacs)

Particulars	31-Mar-19	31-Mar-18
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basic earnings per share	1,269.16	1,132.12
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	1,269.16	1,132.12

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

Particulars	31-Mar-19	31-Mar-18
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'

### a) 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-19	31-Mar-18
Leave obligations not expected to be settled within the next 12 months	10.64	9.84

### b) Post-employment obligations

#### i) 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)

(₹ In lacs)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>01 April 2017</b>			
Current service cost	31.80	(8.97)	22.83
Interest expense/(income)	5.14	-	5.14
	2.39	(0.70)	1.69
<b>Total amount recognised in profit or loss</b>	<b>7.52</b>	<b>(0.70)</b>	<b>6.83</b>
<i>Remeasurements</i>			
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
<b>Total amount recognised in other comprehensive income</b>	<b>2.40</b>	<b>0.10</b>	<b>2.49</b>
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	-	-	-
<b>31 March 2018</b>	<b>39.72</b>	<b>(7.56)</b>	<b>32.16</b>

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

(₹ In lacs)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>01 April 2018</b>	39.72	(7.56)	32.15
Current service cost	4.92	-	4.92
Interest expense/(income)	2.89	(0.58)	2.31
<b>Total amount recognised in profit or loss</b>	<b>7.81</b>	<b>(0.58)</b>	<b>7.23</b>
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/ (income)	-	0.14	0.14
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	0.21	-	0.21
Actuarial (gain)/loss from unexpected experience	0.49	-	0.49
<b>Total amount recognised in other comprehensive income</b>	<b>0.70</b>	<b>0.14</b>	<b>0.84</b>
Employer contributions/ premium paid	-	-	-
Benefit paid	(4.25)	4.25	-
Settlement Cost	-	-	-
Other (unsettled liability at the end of the valuation date)	-	-	-
Disposal/ Transfer of Asset	-	-	-
<b>31 March 2019</b>	<b>43.98</b>	<b>(3.76)</b>	<b>40.22</b>

### (ii) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

(₹ In lacs)

Particulars	31 March 2019	31 March 2018
<b>Discount rate</b>	7.70%	7.75%
Expected return on plan asset	7.70%	7.75%
Salary growth rate	6.00%	6.00%
Withdrawal rate	1% to 8%	1% to 8%
Mortality rate	IALM (2006-08) Table	IALM (2006-08) Table

### (iii) 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-19		31-Mar-18	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 1%)	(40.02)	48.61	(36.28)	43.72
Salary growth rate (-/+ 1%)	48.86	(39.75)	43.92	(36.07)
Withdrawal rate (-/+ 1%)	44.58	(43.30)	40.23	(39.13)

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 sensitivity analysis did not change compared to the prior period.

### (iv) 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.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### (v) 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.

### (vi) Defined benefit liability and employer contributions

Expected contributions to post-employment benefits plans for the year ending 31 March 2020 are ₹7.99 lacs.

The weighted average duration of the defined benefit obligation is 3.79 years (31 March 2018: 5.14 years). The expected maturity analysis of undiscounted gratuity is as follows:

	(₹ In lacs)		
	Less than a year	Between 2- 5 years	Between 5-10 years
<b>31 March 2019</b>			
Defined benefit obligation (gratuity)	3.32	1.81	1.68
<b>Total</b>	<b>3.32</b>	<b>1.81</b>	<b>1.68</b>
<b>31 March 2018</b>			
Defined benefit obligation (gratuity)	2.61	12.20	12.74
<b>Total</b>	<b>2.61</b>	<b>12.20</b>	<b>12.74</b>

## 33. 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-19	31-Mar-18
<b>Current</b>		
<b>Financial assets</b>		
<i>First charge</i>		
Trade receivables	1,220.30	961.06
Inventory	5,099.39	4,683.23
Cash & Cash Equivalents	147.01	152.02
Other current assets	343.25	333.01
<i>Floating charge</i>		
<b>Non-financial assets</b>		
<i>First charge</i>		
<b>Total current assets pledged/ hypothecated as security</b>	<b>6,809.95</b>	<b>6,129.32</b>
<b>Non-current</b>		
<i>First charge</i>		
Property Plant & Equipment	19,129.11	20,323.43
<b>Total non-currents assets pledged/mortgaged as security</b>	<b>19,129.11</b>	<b>20,323.43</b>
<b>Total assets pledged/hypothecated as security</b>	<b>25,939.06</b>	<b>26,452.75</b>

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 34. Fair value measurement

(₹ In lacs)

Particulars	31-Mar-19			31-Mar-18		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Financial assets</b>						
Security deposits	-	-	0.49	-	-	1.12
Trade receivables	-	-	1,220.30	-	-	961.06
Cash in hand	-	-	12.55	-	-	10.43
Cheques in hand	-	-	15.50	-	-	61.24
Balance with banks	-	-	118.96	-	-	80.35
	-	-	<b>1,367.80</b>	-	-	<b>1,114.20</b>
<b>Financial liabilities</b>						
Borrowings	-	-	9,881.34	-	-	9,872.95
Security deposit	-	-	12.63	-	-	14.91
Trade payables	-	-	1,244.23	-	-	3,119.88
Interest accrued but not due on borrowings	-	-	1.15	-	-	0.02
Retention money	-	-	26.67	-	-	26.41
Other liabilities	-	-	694.66	-	-	530.07
Salary and bonus to employees	-	-	12.31	-	-	20.25
	-	-	<b>11,872.99</b>	-	-	<b>13,584.49</b>

#### (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-19		31-Mar-18	
	Carrying Amount	Fair value	Carrying Amount	Fair value
<b>Financial assets</b>				
Security deposits and margin money	0.49	0.49	1.12	1.12
<b>Total financial assets</b>	<b>0.49</b>	<b>0.49</b>	<b>1.12</b>	<b>1.12</b>
<b>Financial liabilities</b>				
Borrowings	-	-	2.35	2.33
Security deposit	12.63	12.63	14.91	14.91
<b>Total financial liabilities</b>	<b>12.63</b>	<b>12.63</b>	<b>17.26</b>	<b>17.24</b>

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.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 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.

## 35. 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.

## 36. 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	Ageing 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 (₹)	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

### (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. 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, 2019	988.07	31.14	17.48	183.61	1,220.30
Trade receivable as on 31 March, 2018	676.55	281.27	-	3.24	961.06

#### 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.

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

The Company's maximum exposure to credit risk for the components of the Balance Sheet at 31 March 2019 and 31 March 2018 is the carrying amounts as illustrated in Note 34.

### (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 2019	As at 31st March 2018
Floating Rate		
- Expiring within one year (bank overdraft and other facilities)	449.80	1,222.29
	<b>449.80</b>	<b>1,222.29</b>

#### 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, 2019	Less than 1 year	Between 1 - 3 years	Between 3 - 5 years	More than 5 years	Total
Trade payables	1,244.23	-	-	-	1,244.23
Borrowings	4,383.83	5,500.00	-	-	9,883.83
Interest payable on above borrowings*	297.01	484.20	-	-	781.21
Other financial liabilities	746.26	-	-	-	746.26
<b>Total financial liabilities</b>	<b>6,671.33</b>	<b>5,984.20</b>	-	-	<b>12,655.53</b>

\* Based on closing rates

(₹ 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
<b>Total financial liabilities</b>	<b>8,375.39</b>	<b>6,598.64</b>	-	-	<b>14,974.03</b>

\* Based on closing rates

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### (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 dealt with an international customer in fy 2017-18 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.

#### Foreign currency risk exposure

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

Particulars	(₹ In lacs)	
	31-Mar-19	31-Mar-18
Financial assets	-	-
Financial liabilities	2033.64	4441.21
<b>Net exposure to foreign currency risk</b>	<b>(2033.64)</b>	<b>(4441.21)</b>

#### Sensitivity

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

Particulars	(₹ In lacs)	
	Impact on profit before tax	
	31-Mar-19	31-Mar-18
<b>USD sensitivity</b>		
INR appreciates by 10% (2018: 10%)*	203	444
INR depreciates by 10% (2018: 10%)*	(203)	(444)

\* 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 2019 and 31 March 2018, 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:

Particulars	(₹ In lacs)	
	31-Mar-19	31-Mar-18
Variable rate borrowings	9,883.83	9,882.15
Fixed rate borrowings	-	2.35
<b>Total borrowings</b>	<b>9,883.83</b>	<b>9,884.50</b>

#### (b) Sensitivity

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

Particulars	(₹ In lacs)	
	Impact on profit before tax	
	31-Mar-19	31-Mar-18
Interest expense rates – increase by 50 basis points (2018: 50 bps)*	(49.42)	(49.41)
Interest expense rates – decrease by 50 basis points (2018: 50 bps)*	49.42	49.41

\* Holding all other variables constant

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 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 (CPIL)	Enterprise Owned/Influenced by KMP
	Shyam Century Ferrous Limited (SCFL)	Associate Company
B	<b>Other Related Parties</b>	<b>Nature of relationship</b>
	<b>Names of other Related parties</b>	
	<b>Key Management Personnel</b>	
	Mr. Sanjay Kumar Agarwal	Managing Director (upto 31.07.2018)
	Mr. Ghanshyam Agarwal	Managing Director (w.e.f. 01.12.2018)
Mr. Debabrata Thakurta	Company Secretary	
Mr. Bishal Kumar Agarwal	Chief Financial Officer (w.e.f. 06.02.2018)	
Mr. Vishal Agarwal	Chief Financial Officer (upto 30.11.2017)	
	<b>Key Management Personnel of Parent Company</b>	
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 13.11.2017)	
Mr. Manoj Agarwal	Company Secretary (upto 02.08.2017), Chief Financial Officer (w.e.f. 14.11.2017)	
Mr. Debabrata Thakurta	Company Secretary (w.e.f. 03.08.2017)	

### II. Details of transactions between the Company and related parties and the status of outstanding balance as at 31 March 2019:

(₹ In lacs)

Sl. No.	Type of Transactions	Holding Company		Associates		Enterprise Owned/ Influenced by KMP		Key Management Personnel/Director	
		2018-2019	2017-18	2018-2019	2017-18	2018-2019	2017-18	2018-2019	2017-18
1	<b>Purchase Transactions</b>								
	SCL	229.58	9.24	-	-	-	-	-	-
	CPIL	-	-	-	-	0.06	-	-	-
	MTEPL	-	-	-	-	0.01	-	-	-
	SCML	-	-	-	-	1,531.05	-	-	-
2	<b>Sale Transactions</b>								
	SCL	5,690.83	4,021.82	-	-	-	-	-	-
	MTEPL	-	-	-	-	18.34	100.74	-	-
	SCML	-	-	-	-	5,758.13	5,515.55	-	-
	SCFL	-	-	1,598.14	1,409.91	-	-	-	-
3	<b>Loan Taken</b>								
	SCML	-	-	-	-	2,500.00	-	-	-
4	<b>Loan Repaid</b>								
	SCML	-	-	-	-	-	600.00	-	-
	Sri Sajjan Bhajanka	-	-	-	-	-	-	800.00	-
5	<b>Service Received</b>								
	SCML	-	-	-	-	1.30	2.31	-	-
6	<b>Interest Paid</b>								
	SCML	-	-	-	-	297.61	162.96	-	-
	MTEPL	-	-	-	-	49.20	43.95	-	-
	Sri Sajjan Bhajanka	-	-	-	-	-	-	8.25	70.26
7	<b>Remuneration Paid</b>								
	Sri Vishal Agarwal	-	-	-	-	-	-	-	8.44
	Sri Bishal Agarwal	-	-	-	-	-	-	11.58	1.58
8	<b>Balances Outstanding as on 31.03.2019</b>								
A	<b>Share Capital / Securities Premium</b>								
	SCFL	-	-	3,373.50	3,373.50	-	-	-	-
	SCL	3,568.31	3,568.31	-	-	-	-	-	-

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

Sl. No.	Type of Transactions	Holding Company		Associates		Enterprise Owned/ Influenced by KMP		Key Management Personnel/Director	
		2018-2019	2017-18	2018-2019	2017-18	2018-2019	2017-18	2018-2019	2017-18
B	<b>Debtors</b>								
	SCL	555.19	453.63	-	-	-	-	-	-
	MTEPL	-	-	-	-	12.10	-	-	-
	SCML	-	-	-	-	496.19	30.13	-	-
	SCFL	-	-	-	383.64	-	-	-	-
C	<b>Creditors</b>								
	SCFL	-	-	-	61.19	-	-	-	-
D	<b>Advance From Customers</b>								
	MTEPL	-	-	-	-	-	6.19	-	-
E	<b>Loan Taken</b>								
	SCML	-	-	-	-	5,000.00	2,500.00	-	-
	MTEPL	-	-	-	-	500.00	500.00	-	-
	Sri Sajjan Bhajanka	-	-	-	-	-	-	-	863.23
F	<b>Guarantees outstanding</b>								
	Sri Sajjan Bhajanka	-	-	-	-	-	-	5,183.63	7,591.21
	Sri Prem Kumar Bhajanka	-	-	-	-	-	-	3,833.63	6,241.21

### III. Key management personnel compensation

(₹ In lacs)

Particulars	31-Mar-19	31-Mar-18
Short-term employee benefits	11.58	10.02
Post-employment benefits *	-	-
Long-term employee benefits*	-	-
<b>Total compensation</b>	<b>11.58</b>	<b>10.02</b>

\* Post employment benefit and long term employees benefit are determined on the basis of actuarial valuation for the company as a whole and hence segregation is not available.

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

(₹ In lacs)

Sl. No.	Particulars	As at 31-Mar-19	As at 31-Mar-18
1	Claims against the Company not acknowledged as debts – Excise / VAT / Income Tax matters / Royalty etc	32.04	52.87
	<b>Total</b>	<b>32.04</b>	<b>52.87</b>

39. 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 31 March, 2019 is ₹143.50 lacs ( 31 March 2018: ₹157.86 lacs)

### 40. 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 ₹ 26.89 lacs ( 31 March 2018: ₹28.43 lacs)

b) Amount spent during the year on:

(₹ In lacs)

Sl. No.	Particulars	As at 31-Mar-19	As at 31-Mar-18
(i)	Education	11.50	37.30
(ii)	Rural Development	23.09	16.80
(iii)	Livelihood & Skill Building	10.25	2.47
	<b>Total</b>	<b>44.84</b>	<b>56.57</b>

## Notes to financial statements for the year ended 31 March, 2019 (contd.)

### 41. Payment to Auditor

(₹ In lacs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>As Auditor</b>		
-Statutory Audit Fees	1.50	1.50
<b>Total</b>	<b>1.50</b>	<b>1.50</b>

### 42. 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 99.24% of the revenue for the year ended 31 March 2019 (three customers as on 31 March 2018 : 96.70%)

43. Based on the information/documents available with the Company, information as per the requirement of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 are as under:

(₹ In lacs)

Particulars	31-Mar-19	31-Mar-18
(i) Principal amount remaining unpaid to any supplier at the end of the accounting year(including retention money against performance)	0.41	-
(ii) Interest due on above	-	-
<b>Total of (i) &amp; (ii)</b>	0.41	-
(iii) Amount of interest paid by the Company to the suppliers in terms of Section 16 of the Act.	0.01	-
(iv) Amount paid to the suppliers beyond the respective appointed date.	0.08	-
(v) Amount of interest due and payable for the period of delay in payments (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	-	-
(vi) Amount of interest accrued and remaining unpaid at the end of accounting year.	-	-
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of this Act.	-	-

44. The financial statements are approved by the audit committee at its meeting held on 07 May 2019 and by the Board of Directors on the same date.

For & on Behalf of Board of Directors

**For D. K Chhajer & Co.**

Chartered Accountants

Firm Registration No.:304138E

**Bishal Kumar Agarwal**

Chief Financial Officer

**Ghanshyam Agarwal**

Managing Director

DIN : 08181762

**Niraj K Jhunjunwala**

Partner

Membership No:057170

**Debabrata Thakurta**

Company Secretary

**Sajjan Bhajanka**

Director

DIN : 00246043

Place: Kolkata

Date : 07 May, 2019



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