MALANA POWER COMPANY LIMITED

ANNUAL REPORT FOR THE FINANCIAL YEAR 2016-17

To The Members

Malana Power Company Limited

The Board of Directors of the Company are pleased to present their Twentieth Annual Report on the business and operations of the Company and audited statement of accounts for the year ended 31st March, 2017 together with the Auditors' Report.

1. FINANCIAL PERFORMANCE

(Rs. in Millions)

Particulars	Standalone		Consolidated	
	For the financial year ended		For the financial year ended	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Revenue from operations	785.12	814.92	2818.07	3025.33
Other Income	541.85	572.78	525.07	733.7
Total Revenue	**1326.97**	**1387.7**	**3343.14**	**3759.03**
Operating and Administrative Expenses	275.94	249.74	903.29	827.52
Operating Profit before Interest, Depreciation & Tax	**1,051.03**	**1,137.96**	**2,439.85**	**2,931.51**
Depreciation & Amortization Expenses	41.43	42.31	643.93	655.26
Profit/ (Loss) before finance costs and Exceptional Items and Tax	**1,009.60**	**1,095.65**	**1,795.92**	**2,276.25**
Finance Costs	222.34	231.64	983.42	1045.27
Exceptional Items	-	212.4	-	212.4
Profit/(Loss) before tax	**787.26**	**651.61**	**812.50**	**1,018.58**
Tax Expenses	**138.89**	**134.91**	**138.89**	**134.91**
Net Profit/(Loss)	**648.37**	**516.70**	**673.61**	**883.67**
Other Comprehensive Income	(0.99)	1.40	(0.86)	1.36
Total Comprehensive Income/(Loss) net of tax	**647.38**	**518.10**	**672.75**	**885.03**
Non-Controlling Interest	-	-	3.04	44.03
Total Comprehensive Income/(Loss) for the year	**647.38**	**518.10**	**669.71**	**841.00**
Surplus brought forward from previous year	**5,351.27**	**4,833.16**	**3,817.69**	**2,976.68**
Balance available for appropriation	**647.37**	**518.11**	**669.71**	**841.01**
Balance Carried to Balance Sheet	**5,998.64**	**5,351.27**	**4,487.40**	**3,817.69**
Earning Per Share (in Rs.)				
i) Basic	**4.39**	**3.50**	**4.57**	**5.99**
ii) Diluted	**4.39**	**3.50**	**4.57**	**5.99**

INDIAN ACCOUNTING STANDARDS (IND AS)

Your Company has adopted Indian Accounting Standards ("Ind AS") with effect from 1st April 2016 with the transition date of 1st April 2015. Accordingly, the Financial Statements for the year ended 31st March 2017 have been prepared in accordance with Ind AS on the historical cost basis except for certain financial instruments that are measured at fair values. The Financial Statements for the year ended 31st March 2016 have been restated to comply with Ind AS to make them comparable.

Your Company has adopted Ind AS pursuant to the notification issued by the Ministry of Corporate Affairs (MCA) and duly prescribed under section 133 of the Companies Act 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect from 1st April 2016. The MCA notification also mandates Ind AS applicability to subsidiary Companies and hence the Company along with its subsidiary has prepared and reported financial statements under Ind AS including consolidated Financial Statements of the Group. A description of the transition to Ind–AS and its impact on Company's and Group's net profit and equity has been provided in the respective financial statements.

OVERALL PERFORMANCE

Consolidated:

The key aspects of your Company's Consolidated Financial Statement for the Financial Year 2016-17 is as follows:

The Company recorded total revenue of Rs. 3,343.14 million during the financial year 2016-17 as compared to Rs. 3,759.03 million in the previous financial year. **The Net profit during the financial year 2016-17 was at Rs.673.61 million as compared to Rs. 883.67 million in the previous financial year.**

The Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

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Standalone:

The Company recorded revenue from operations of Rs.785.12 million during the financial year 2016-17 as compared to Rs.814.92 million in the previous financial year. The Other income during the financial year 2016-17 was Rs.541.85 million vis-a-vis Rs.572.78 million in financial year 2015-16, out of which Rs.510 million other income is attributable to the interest on sub-debt provided to AD Hydro Power Limited. The actual payment of the sub-debt interest from AD Hydro Power Limited to Malana Power Company Limited will be done subject to covenants stipulated in the financing documents of AD Hydro Power Limited.

The Net profit during the financial year 2016-17 was at Rs.648.37 million as compared to Rs. 516.70 million in the previous financial year. The generation during the financial year 2016-17 stood at 354.07 Million Kwh as compared to 344.23 Million kWh in the previous year.

2. ONGOING PROJECT: BARA BHANGAL HEP

The Members are aware that the Company was allotted 200 MW Bara Bhangal Hydro-electric Project (HEP) on River Ravi in Indus Basin located in District Chamba of Himachal Pradesh. As apprised to the members in the previous Report, some part of project falls under Dhauladhar Wild Life Sanctuary (DWLS). After approval of the Govt. of Himachal Pradesh (GoHP) to implement Bara Bangahal Hydro-electric Project (200 MW) in two stages, a Supplementary Pre-Implementation Agreement (SPIA) was signed with the State Government on 03.02.2014 to implement Bara Bangahal Stage – I HEP (92 MW). The Company had mentioned the difficulty due to wildlife norms, and had written to the Directorate of Energy, Government of Himachal Pradesh vide letter dated 09.12.2015, and expressed its inability in doing project. In this regard, the Company had also requested for refund of the entire amount of upfront premium of Rs. 612.00 million paid by MPCL for allotment of the project along with interest @ 12%. The matter is under consideration with the State Government.

3. SUBSIDIARY COMPANY: AD HYDRO POWER LIMITED

AD Hydro Power Limited, a subsidiary of your Company, is engaged in operation, maintenance and generation of 192MW hydro electric project in the state of Himachal Pradesh.

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In terms of the provisons of section 136(1) of the Companies Act, 2013, the audited financial statements of M/s AD Hydro Power Limited, subsidiary company of Malana Power Company Limited are being annexed in this Annual Report and have also been placed on the website of the Company. The financial statements of the subsidiary Company are kept for inspection by the shareholders at the registered office of the Company. The subsidiary Company has reported net profit of Rs. 25.20 million in the financial year 2016-17. A report on the performance and financial position of the subsidiary Company as per the Companies Act, 2013 in the Form AOC- 1 is annexed to the Consolidated Financial Statement and hence not repeated for the sake of brevity.

4. DIVIDEND

Keeping in view the financial position of the Company, your Directors do not propose any dividend for the financial year under review.

5. INDUSTRY POTENTIAL & DEVELOPMENT

The power sector in India has witnessed a major addition in capacity in the last 2 years, making India the fifth largest installed capacity in the world. The all India installed power generation capacity stood at 3,26,848 MW as on 31.03.2017 comprising of 2,18,330 MW from Thermal, 44,478 MW from Hydro, 6,780 MW from Nuclear and 57,260 MW from Renewable.

In 2016-17, for the first time, net capacity addition of renewable power exceeded that of conventional power. Record low tariffs of Rs. 2.44 per KWH were achieved in solar energy and of Rs. 3.46 per KWH in Wind energy. Highest ever wind capacity addition of 5.41GW was achieved in 2016-17. Similarly, solar capacity increased 367% in the last 3 years from around 2.6 GW to more than 12.3GW.

India's rank increased to 26 in 2017 from 99 in 2015 on World Bank's Ease of getting Electricity Index. During the fiscal year 2016-17, the energy availability was 1,135.332 billion KWh with a short fall of requirement by 7.596 billion KWh (-0.7%). The peak load met was 156,934 MW with a short fall of requirement by 2,608 MW (-1.6%). Though few states are expected to face energy shortage, power would

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be made available adequately from the surplus regions with the higher capacity inter regional transmission links.

In order to address the lack of adequate electricity availability to all the people in the country by March 2019, the Government aims to generate two trillion units (kilowatt hours) of energy by 2019 and is undertaking initiatives aimed at doubling the current production capacity to provide 24x7 electricity for residential, industrial, commercial and agriculture use.

While the expected large-scale renewable capacity additions (mainly from solar and wind) will help in meeting a substantial part of India's Intended Nationally Determined Contributions (INDC) commitments and is definitely a welcome step towards securing a green energy future for India, however power from these sources is well known for its inherent variability, hence the need for additional firm balancing capacity is inevitable in the interest of ensuring grid reliability and stability. Hence, development of hydro power plants could not only help in ensuring grid reliability and stability but also reduce the dependency upon fossil fuel to generate power.

A recent committee report on 'Policy Interventions for Hydropower Development', Ministry of Power, estimates that hydro capacity to the tune of 65 GW would need to be developed by 2030. This would mean an addition of approximately 20 GW in the next 12–13 years. Hence a major boost to revive the hydro power sector is a need of hour. Realizing the need for the immediate revival of the hydropower sector in India, the Ministry of Power has recently forwarded a proposal to the Expenditure Finance Committee (EFC) of the Cabinet for approval. This proposal, apart from highlighting the importance of the hydro sector in ensuring long-term sustainable energy security, recommends strategies to accelerate hydropower development. Key highlights of the proposal are given below:

a) Declaring all hydropower irrespective of size as renewable power.

b) Hydropower purchase obligation within currently mandated non-solar renewable purchase obligations (RPOs).

c) Interest subsidy of 4% during construction (max. of 7 years) and 3 years post COD to all hydro projects >25 MW. Subsidy extended to only those projects obtaining COD within 5 years of notification of the scheme.

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d) Creation of a Hydro Power Development Fund (HPDF) to be funded from Coal Cess/National Clean Energy Fund (NCEF)/Non-Lapsable Central Pool of Resources (NLCER)/or any other source.

Long term power markets have historically dominated the power sector and expected to continue to do so. However, Indian power market is gradually shifting away from long-term agreements to short and medium-term agreements. Multiple factors have contributed to this shift, including a general expectation on continued reduction in power costs driven by renewable energy. Development of short and medium-term power market has significantly provided an opportunity to the Distribution Utilities to optimize their power purchase portfolio, not only to reduce their overall cost of purchase but also to meet their seasonable as well as peak demand. However, in terms of size the short-term power market remained only 10.30% in 2016-17 leaving ample scope to grow.

On the supply side, additional generation capacity has increased the power availability in the open market. On the other hand, industrial slowdown and strained finances of discoms/utilities have curtailed their demand of power. This aspect, coupled with the fact that demand growth has been tepid, has resulted in unwillingness of procurers to tie themselves up with long term potentially "higher Cost" power. Therefore, under the current Short-term power market scenario, where power supply is more than the demand, there is a lot of pressure on short term power prices. However, the impact of UDAY has started to come up, which may increase the availability of finances with discoms/utilities. This may result in improvement of their power purchasing ability, which is likely to improve the power demand in short term market wherein the company is operating. We remain positive of our success tomorrow and in the years to come.

6. CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by under the Companies Act, 2013.

Your Company is committed to achieving the higher standard of Corporate Governance by application of the best management practices, compliance with law, adherence to ethical standards and discharge of social responsibilities. Your Company has in all spheres of its activities adequate checks and balances to ensure protection of interest of all stakeholders. Your Company also endeavors to share, with its

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stakeholders' openly and transparently, information on matters which have a bearing on their economic and reputational interest.

The majority of the Board comprises of Non-Executive Directors including Independent Directors appointed under the Companies Act, 2013, who play a critical role in imparting balance to the Board processes, by bringing an independent judgment to decide on issues of strategy, performance, resources, standards of Company's conduct, etc. The Audit Committee of the Board provides assurance to the Board on the adequacy of Internal Control Systems and Financial Systems.

7. INTERNAL CONTROL SYSTEMS AND ADEQUACY THEREOF

The Company has an adequate internal control system commensurate with the size and nature of its business. An internal audit program covers various activities and periodical reports are submitted to the management. The Audit Committee reviews financial statements, internal audit reports along with internal control systems. The Company has a well defined organizational structure, authority levels, delegation of powers and internal rules and guidelines for conducting business transactions.

8. PERSONNEL

a) Industrial relations

The industrial relations during the period under review remained cordial at the Plant and Corporate office of the Company without any untoward incidents.

b) Particulars of employees

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as **Annexure - I.**

9. PUBLIC DEPOSITS

The details in regard to deposits, covered under Chapter V of the Companies Act, 2013 are mentioned hereunder:

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a) Amount accepted during the year **Nil**

b) Amount remained unpaid or unclaimed as at the end of the year **Nil**

c) Default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved

i) at the beginning of the year **-N/A-**

ii) maximum during the year **-N/A-**

iii) at the end of the year **-N/A-**

The company does not have deposits which are in contradiction of Chapter V of the Act.

Your Company has not invited any deposits from public/shareholders in accordance with Chapter V of the Companies Act, 2013.

10. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals during the financial year 2016-17, impacting the going concern status and company's operations in future.

11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given as **Annexure II** forming part of this Report.

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, the Board made the following appointments/re-appointments on the recommendation of the Nomination and Remuneration Committee.

- Mr. Ravi Jhunjhunwala was re-appointed as the Managing Director of the Company in the Board meeting held on 30th August 2016 and approval of the Members was granted in the Nineteenth Annual General Meeting of the Company held on 29th September 2016.

<u>Re-appointments</u>

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- During the year, Mr. Rajinder Pal Goel, Director would have retired by rotation at the ensuing Annual General Meeting and, being eligible, had offered himself for re-appointment and the members had approved his re-appointment.

Resignations

- There was no other change/resignation in the Board of Directors.

Your Directors further inform the members that declarations have been taken from the Independent Directors at the beginning of the financial year stating that they meet the criteria of independence as specified under sub-section (6) of Section 149 of Companies Act, 2013.

13. NOMINATION AND REMUNERATION POLICY

The Board, on the recommendation of the Nomination & Remuneration Committee approved a policy for appointment, re-appointment and removal of Directors, Key Managerial Personnel and Senior Management and their remuneration. The policy is appended as **Annexure–III** forming part of this Report.

14. MEETINGS OF THE BOARD

The Board of Directors had met 4 (four) times during the financial year 2016-17. The meetings of the Board were held on 2nd May 2016, 30th August 2016, 12th December 2016 and 27th February 2017 respectively.

The attendance for the above mentioned meetings were as follows:

S. NO.	NAME OF DIRECTOR	CATEGORY	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
1.	Mr. Ravi Jhunjhunwala	Chairman & Managing Director	4	4
2.	Mr. Rajinder Pal Goel	Non-Executive Director	4	4
3.	Ms. Tima Iyer Utne	Non-Executive Director	4	4
4.	Mr. Knut Leif Bredo Erichsen	Non-Executive Director	4	4
5.	Dr. Kamal Gupta	Non-Executive Independent Director	4	4
6.	Mr. Tantra Narayan Thakur	Non-Executive, Independent Director	4	4

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15. MEETINGS OF THE COMMITTEES

At present, the Board has three Committees: (i) Audit committee, (ii) Nomination and Remuneration Committee, (iii) Corporate Social Responsibility Committee.

According to requirements under the Companies Act, 2013, the meetings of the Committees of the Board were conducted as and when required and their decisions and recommendations were duly accepted by the Board.

The following are the compositions and attendance of the above mentioned committees.

(i) AUDIT COMMITTEE

As per section 177 of the Companies Act, 2013, your Board has constituted an Audit Committee whose roles and responsibilities are to review the Company's financial results, review Internal Control Systems, Risk and Internal Audit Reports. The proceedings of the Committee have been in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder.All the recommendations of the Audit Committee were duly accepted by the Board during the financial year 2016-17.

The composition as well as the Audit Committee meetings held in the financial year 2016-17 is as below:

Composition of the Committee

All the Members of the Committee possess knowledge of corporate finance, accounts and corporate laws. The Statutory Auditors, Internal Auditors and Senior Executives of the Company were invited to attend the respective meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

S. No.	Name of Member	Designation	Category
1	Ms. Tima Iyer Utne	Member	Non-Executive Director
2	Dr. Kamal Gupta	Member	Non-Executive Independent Director
3	Mr. Tantra Narayan Thakur	Member	Non-Executive Independent Director

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➢ **Meetings and attendance**

The Audit Committee had met four times during the financial year to review the financial statements and the Internal Audit Reports of the Company. The meetings were held on 2nd May 2016, 30th August 2016, 12th December 2016 and 27th February 2017 respectively.

The attendance for the above mentioned meetings are as below:

S. NO.	NAME OF MEMBER	CATEGORY	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
1.	Ms. Tima Iyer Utne	Chairperson	4	4
2.	Dr. Kamal Gupta	Member	4	4
3.	Mr. Tantra Narayan Thakur	Member	4	4

(ii) NOMINATION AND REMUNERATION COMMITTEE

As per section 178 of the Companies Act, 2013, your Board had constituted Nomination and Remuneration Committee. The proceedings of the Committee have been in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder. All the recommendations of the Committee were duly accepted by the Board during the financial year 2016-17.

The Composition of the Committee is as under:

For the financial year 2016-17, the composition of the Nomination and remuneration Committee was as follows:

S. No.	Name of Member	Designation	Category
1	Ms. Tima Iyer Utne	Member	Non-Executive Director
2	Mr. Rajinder Pal Goel	Member	Non-Executive Director
3	Dr. Kamal Gupta	Member	Non-Executive Independent Director
4	Mr. Tantra Narayan Thakur	Member	Non-Executive Independent Director

The Company Secretary acts as the Secretary of the Committee.

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➢ Meetings and attendance

The committee met once in the financial year 2016-17, on 30th August 2016.

The attendance for the committee is as follows:

S. No.	Name of Member	Designation	Attended (Yes/No)
1	Ms. Tima Iyer Utne	Member	Yes
2	Mr. Rajinder Pal Goel	Member	Yes
3	Dr. Kamal Gupta	Member	Yes
4	Mr. Tantra Narayan Thakur	Member	Yes

(iii) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Company has been diligently following the Corporate Social Responsibility policies. As part of its initiatives under Corporate Social Responsibility (CSR), the Company had undertaken projects in the areas of promotion of Education, taking initiatives towards Community Service and rural development, Healthcare, Plantation & Environmental Development, Protection of art, culture etc. These projects were in accordance with the CSR Policy of the Company and Schedule VII of the Companies Act, 2013 and Rules made thereunder.

As per the Companies Act, 2013, all the companies which having net worth of Rs. 500 crore or more, or a turnover of Rs. 1000 crore or more, or a net profit of Rs. 5 crore or more are required to constitute CSR Committee of the Board of Directors comprising three or more Directors out of which atleast one should be the Independent Director. All such Companies are required to spend atleast 2% of its average net profit on the three preceding financial years on the CSR related activities.

Accordingly, the Company was required to spend an amount of Rs. 5.71 million on the CSR activities of the Company out of which the amount of Rs. 2.85 million was utilized on the activities mentioned in the schedule VII of the Companies Act, 2013.

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The Company shall keep on taking the endeavors to meet the expenditure planned for CSR activities. The CSR policy may be accessed on the Company's website at the link mentioned below: http://malanapower.com/docs/MPCL CSR Policy.pdf

The Annual Report on CSR activities is enclosed as **Annexure VI**, forming part of this report.

The composition of the Corporate Social Responsibility Committee is as under:

S. No.	Name of Member	Designation	Category
1	Mr. Ravi Jhunjhunwala	Member	Chairman & Managing Director
2	Ms. Tima Iyer Utne	Member	Non-Executive Director
3	Dr. Kamal Gupta	Member	Non-Executive Independent Director

- **Meetings and attendance**

The committee had met on 25th August 2017.

The attendance for the committee is as follows:

S. No.	Name of Member	Designation	Attended 25th August 2017 (Yes/No)
1	Mr. Ravi Jhunjhunwala	Member	Yes
2	Ms. Tima Iyer Utne	Member	Yes
3	Dr. Kamal Gupta	Member	Yes

(iv) INDEPENDENT DIRECTORS' MEETING

The Independent Directors met on 25th August, 2017, without the attendance of Non Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non–Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Managing Director and Non–Executive Directors and assessed the quality,

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quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

(v) BOARD EVALUATION:

The Board is responsible for undertaking a formal annual evaluation of its own performance, committees and individual Directors with a view to review their functioning and effectiveness and to determine whether to extend or continue the term of appointment of the independent directors. During the year, the Board carried out the performance evaluation of itself, Committees and each of the executive directors/non-executive directors/independent directors excluding the director being evaluated. The evaluation of performance of Independent Director is based on the criteria laid down in the Nomination and Remuneration policy which includes knowledge and experience in the field of power sector, legal, finance and CSR activities.

16. MEETING OF THE MEMBERS

The Annual General meeting of the members was held on 29th September, 2016.

17. VIGIL MECHANISM /WHISTLE BLOWER

The Board on the recommendation of Audit Committee has adopted a Whistle Blower Policy. The details of the same are disclosed on the website of the Company and a web link thereto is as under: http://malanapower.com/docs/MPCL_Whistle_Blower_Policy.pdf

18. INTERNAL FINANCIAL CONTROL (IFC) SYSTEM AND THEIR ADEQUACY:

The Directors are responsible for laying down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively. As per Section 134(5) (e) of the Companies Act, 2013, the Directors' Responsibility Statement shall state the same.

Your Company has adopted the IFC framework as guidance, for ensuring adequate controls and its effectiveness within the company. The process of assessment of IFC would require setting up of an

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internal controls function in the organization. The Accounts & Finance Team has been trained to implement and evaluate the design and operating effectiveness of the IFC framework. The framework also focuses on internal controls over financial reporting (ICFR) that are put in place to develop and maintain reliable financial data, and to accurately present the same in a timely and appropriate manner. The framework refers to the policies and procedures adopted by the company for ensuring , orderly and efficient conduct of its business, including adherence to company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, timely preparation of reliable financial information.

The IT controls provide reasonable assurance of achieving the control objectives related to the processing of financial information within the computer processing environment. IT controls ensures appropriate functioning of IT applications and systems built by the organization to enable accurate and timely processing of financial data.

Your Company deploys best in class applications and systems which streamline business processes, to improve performance and reduce costs. These systems provide seamless integration across modules and functions resulting into strong MIS platform and informed decision–making by the Management.

The company has adequate and effective internal financial control in place which is being periodically evaluated. The Company has put in place strong internal control systems and best in class processes commensurate with its size and scale of operations. Internal Financial Control is a continuous process operating at all levels within the Company.

The ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable accounting principles and policies & procedures.

19. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Your Company had not entered into any transactions with related parties which could be considered material in terms of Section 188 of the Companies Act, 2013.

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Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

20. STATUTORY AUDITORS

As per the provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration No.301003E) has been appointed as Statutory Auditors for a period of two years in the 18th Annual General Meeting (AGM) of the Company held on 29.09.2015, until the conclusion of the 20th Annual General Meeting of the Company to be held in the calendar year 2017. Accordingly, the Statutory Auditors of the Company, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration No.301003E) holds office till the conclusion of the ensuing Annual General Meeting of the Company.

After evaluating the Country's leading Auditing Firms, the Board of Directors has identified and recommended the appointment of **M/s Deloitte Haskins & Sells**, (Firm Registration Number is 117366W /W-100018), Chartered Accountants, as the Statutory Auditors of the Company for a term of 5 years (subject to ratification by members at every Annual General Meeting if required under the prevailing law at that time), to hold office from the conclusion of the 20th Annual General Meeting until the conclusion of the 25th Annual General Meeting of the Company. M/s Deloitte Haskins & Sells, (Firm Registration Number is 117366W /W-100018) is registered with the Institute of Chartered Accountants of India and they have expressed their willingness to be appointed as Statutory Auditors of the Company. Further they have further confirmed that the said appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and also the statutory auditor is not disqualified under section 141(3) of the Companies Act 2013. Accordingly, their appointment as Statutory Auditors of the Company from the conclusion of the 20th Annual General Meeting until the conclusion of the 25th Annual General Meeting of the Company, is placed for your approval.

Explanation to Auditors' Comment:

The Auditors' Report read along with notes to accounts is self-explanatory and therefore does not call for any further comments. The Auditors' Report does not contain any qualification, reservation adverse remark or disclaimer.

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21. COST AUDITORS

The Cost Audit for financial year ended March 31, 2016 was conducted by M/s K.G. Goyal & Co., Cost Accountants (Firm Registration No. 0017). The Cost Audit Report in XBRL mode for financial year ended March 31, 2016 was filed within the due date. The Cost Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Based on the Audit Committee recommendations at its meeting held on 27th February 2017, the Board has approved the re-appointment of M/s K.G. Goyal & Co., Cost Accountants (Firm Registration No. 0017), as the Cost Auditors of the Company for the financial year 2017-18 at a remuneration of Rs. 0.45 lakhs plus service tax and out of pocket expenses that may be incurred by them during the course of audit. As required under 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 Member's ratification for the remuneration payable to M/s K.G. Goyal & Co., Cost Auditors is included in the Notice convening the Annual General Meeting.

22. SECRETARIAL AUDITORS

The Company had appointed M/s. P. Kathuria & Associates, Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2016-17, pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report is annexed herewith as **Annexure IV** for kind attention of the Members. The Secretarial Audit Report does not contain any qualification, reservation adverse remark or disclaimer.

23. INTERNAL AUDITORS

Based on the Audit Committee recommendations, the Board had appointed M/s. KRA & Associates, Chartered Accountants as the Internal Auditors of the Company for the financial year 2017-18.

24. RISK MANAGEMENT

The objective of risk management at the Company is to protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities. An enterprise wide risk management framework is applied so that effective management of risk is an integral part of every employee's job.

The Audit Committee of the Company oversees the Risk functions. Further, to manage the Risk, the Company has is in place Operations & Steering Committee (OSC) and a Policy thereto, which interalia includes the Risk Management Policy including mitigation plans. The Company's risk management strategy is integrated with the overall business strategies of the organization and is communicated throughout the organization. Risk management capabilities aide in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

The annual strategic planning done by OSC provides platform for identification, analysis, treatment and documentation of key risks. It is through this annual planning process that key risks and risk management strategies are communicated to the Board. The effectiveness of risk management strategies is monitored both formally and informally by Management. There is no major risk which may threaten the existence of the Company.

25. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

i. In preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;

ii. They have selected such accounting policies and 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 at the end of the financial year ended 31st March, 2017 and of the profit of the Company for the year under review;

MALANA POWER COMPANY LTD. ★

iii. They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

iv. They have prepared the annual accounts on a going concern basis;

v. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;

vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

27. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return inform MGT-9 is annexed herewith as **Annexure V.**

28. GENERAL DISCLOSURE

- The Company has a group policy in place against Sexual Harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. No complaints were received during the financial year 2016-17.

- There was no change in the name of the Company and its nature of business.

- The financial year of the Company was same as of previous year.

- During the year, there was no change in the issued share capital of the company.

- To the best of our knowledge and belief there has been no instance of fraud that has occurred or reported during the Financial Year 2016-17.

29. ACKNOWLEDGEMENT

Your Directors' place on record their sincere appreciation for the co-operation and support received by your Company from the Ministry of Power, Government of Himachal Pradesh, Ministry of Corporate Affairs, Central and State Government and other government agencies, Lenders, Banks, Financial Institutions, PTC India Limited, Statkraft Markets Private Limited, India Energy Exchange and our valued customers, who have continued their valuable support and encouragement during the year under review.

The Board also thanks the employees at all levels, for the dedication, commitment and hard work put in by them for Company's achievements.

Your involvement as shareholders is greatly valued and appreciated. The Directors look forward to your continuing support.

For and on behalf of the Board of Directors

Ravi Jhunjhunwala
Chairman and Managing Director
(DIN 00060972)
Address: Bhilwara Towers, A-12,
Sector-1, Noida-201301

MALANA POWER COMPANY LTD.

Place: Noida

Date: 25th August 2017

ANNEXURE – I TO THE DIRECTORS' REPORT

The information of employees as prescribed under the provisions of Section 197 read with Rule 5, sub rule 2 & 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 under the Companies Act, 2013, who were employed throughout or for a part of the financial year under review is given as under:

S. No.	Name of top 10 Employees in terms of remuneration	Designation	Remuneration (in Rs. Million)	Qualification	Experience	Age	Date of Commencement of Employment	Last Employment, held, Organisation, Designation & Duration	Shareholding	Nature of employment	Whether employee is relative of Director
1	Mr. Ravi Jhunjhunwala	Chairman & Managing Director	22.07	B. Com (Hons.), MBA	37	62	1-Nov-2001	Promoter Director	Nil	Contractual	No
2	Mr. O.P. Ajmera	President, CEO & CFO	15.83	FCA & ACS	30	55	1-Apr-2004	HEG LTD.	Nil	Permanent	No
3	Mr. Sumit Garg	Sr. General Manager- Commercial	5.25	B. Com	23	46	15-Jan-2007	BEL LTD.	Nil	Permanent	No
4	Mr. Anil Kumar Garg	General Manager Business Development	3.78	BSC,BE,MBA	21	46	2-Jul-2001	MALVIKA STEEL LTD.	Nil	Permanent	No
5	Mr. H.S.Beshtoo	AVP	2.52	Bsc-Engg.(Elect.)	41	61	19-Nov-2012	HPSEB-Shimla	Nil	Permanent	No
6	Mr. Brij Mohan	AGM-Accounts	2.43	B. Com, PGD,MBA	30	54	1-Apr-2004	HEG LTD.	Nil	Permanent	No
7	Mr. Gouri S. Sanyal	Manager (Mech)	1.87	Diploma (Mech.)	33	57	27-Sep-2004	S.R. Guha Ent. - Kolkota	Nil	Permanent	No
8	Mr. Deepak Gupta	Dy. Manager- A/c	1.89	Bachelor of Arts	27	47	1-Apr-2004	HEG LTD.	Nil	Permanent	No
9	Mr. M.A. Rafiq	Manager (Electrical)	1.83	B Tech (Elect.)	21	38	25-Aug-2001	Steel Builders - Hyderabad	Nil	Permanent	No
10	Mr. C.C. Sebastian	Services Co-ordinator	1.55	Bachelor of Arts	28	54	1-Apr-2004	HEG LTD.	Nil	Permanent	No

(B) Names of every employee whose remueration falls under limit prescribed in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. No.	Name of Employee	Designation	Remuneration (in Rs. millions)	Qualification	Experience	Age	Date of Commencement of Employment	Last Employment held at	Shareholding in the Company	Nature of employment	Whether employee is relative of Director
1	Mr. Ravi Jhunjhunwala	Chairman & Managing Director	22.07	B. Com (Hons.), MBA	37	62	1-Nov-2001	Promoter Director	Nil	Contractual	No
2	Mr. O.P. Ajmera	President, CEO & CFO	15.83	FCA, ACS	30	55	1-Apr-2004	HEG LTD.	Nil	Permanent	No

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ANNEXURE II TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

(A) Conservation of energy

(a) the steps taken or impact on conservation of energy;

i) **Installation of three nos. Variable Frequency Drive (VFDs) in PH on TG Cooling Water pumps.**

ii) **Replacement of conventional lighting with Light Emitting Diodes (LED) in 132kV Switchyard, Street Lighting in Powerhouse complex, residential colony and Barrage complex.**

(b) the steps taken by the Company for utilizing alternate sources of energy;
NIL

(c) the capital investment on energy conservation equipments till 31st March 2017;

i)	**VFD :**	**Rs. 8,65,000/-**
ii)	**LED :**	**Rs. 13,25,175**
	Total (i+ii)	**Rs. 2,190,175/-**

(B) TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption: As above

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Installation of three nos. variable frequency drive in Powerhouse have resulted in cost reduction i.e. energy saving to the tune of Rs. 24,71,000/-. Similarly replacement of conventional lighting with LED has also contributed in cost reduction of Rs. 17,120/- only. This cost reduction will be more in the next coming year.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : NIL

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

(iv) the expenditure incurred on Research and Development: Rs. NIL

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(A) FOREIGN EXCHANGE EARNINGS AND OUTGO

(in Rs. million)

S. No.	Particulars	2016 -17	2015 -16
I	**Foreign Exchange Outgo**		
	Traveling & Conveyance		0.302
	Others		0.22
	Total		**0.522**
II	**Foreign Exchange Earnings**		
	Others (Sale of Voluntary Emission Rights)		1.631
	Total		**1.631**

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ANNEXURE III TO THE DIRECTORS' REPORT

NOMINATION & REMUNERATION POLICY

Pursuant to Section 178 of the Companies Act, 2013 and Rules made thereunder, Malana Power Company Limited is required to constitute a Nomination and Remuneration Committee with atleast three or more non-executive Directors, out of which not less than one half shall be independent directors. The Company already had a Remuneration Committee with three Non Executive Directors. In order to align the same with the provisions of the Companies Act, 2013, and Rules made thereunder from time to time, the Board of Directors at their meeting held on the 16th March, 2015, renamed the "Remuneration Committee" as "Nomination and Remuneration Committee".

The Nomination and Remuneration Committee and its Policy being in compliance with the provisions of Section 178 of the Companies Act, 2013, read with the applicable Rules made thereunder, applies to the Board of Directors, Key Managerial Personnel and the Senior management Personnel of the Company.

1. OBJECTIVE

The Key Objectives of the Committee would be:

a) to advise the Board in relation to appointment, appraisal and removal of Directors, Key Managerial Personnel and Senior Management of the Company.

b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

c) to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

2. DEFINITIONS

(a) "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

(b) "Board" means Board of Directors of the Company.

(c) Key Managerial Personnel (KMP), means:

i. Chief Executive Officer or the managing director or the manager;
ii. Company Secretary,
iii. Whole-time Director;
iv. Chief Financial Officer; and
v. such other officer as may be prescribed.

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(d) Senior Management: Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

3. ROLE OF COMMITTEE

The role of the Committee inter alia will be the following:

a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;

b) to recommend to the Board the appointment and removal of Director or Key Managerial Personnel or Senior Management Personnel.

c) to carry out evaluation of Director's performance.

d) assessing the independence of independent directors;

e) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

f) making recommendations to the Board on the remuneration/fee payable to the Directors/ KMPs/Senior Officials so appointed/re-appointed;

g) ensure that level and composition of remuneration of Directors, KMP's and Senior Management is reasonable and sufficient. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

h) to devise a policy on Board diversity;

i) to develop a succession plan for the Board and Senior Management and to regularly review the plan;

j) such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act, 2013 and Rules made thereunder.

4. MEMBERSHIP

a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

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However, the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee, but shall not chair such Committee.

b) Minimum two (2) members shall constitute a quorum for the Committee meeting.

c) Membership of the Committee shall be disclosed in the Annual Report.

d) Term of the Committee shall be continued unless terminated by the Board of Directors.

5.CHAIRMAN

a) Chairman of the Committee shall be a Non-executive Director.
b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

7. COMMITTEE MEMBERS' INTERESTS

a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

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10. POLICY ON BOARD DIVERSITY

The Nomination and Remuneration Committee shall ensure that Board of Directors have the combination of Directors from different areas /fields or as may be considered appropriate in the best interest of the Company. The Board shall have atleast one Board member who has accounting/ financial management expertise.

11. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

1. Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;

2. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;

3. Determining the appropriate size, diversity and composition of the Board;

4. Follow a formal and transparent procedure for selecting new Directors for appointment to the Board, Key Managerial Personnel's and Senior Management Personnel;

5. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

6. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

7. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

8. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
9. Considering any other matters as may be requested by the Board;

12. REMUNERATION DUTIES

The Committee will recommend the remuneration/fee to be paid to the Managing Director, Whole-time Director, other Directors, Key Managerial Personnel and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration/fee so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration/fee to

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performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

1. **Director/ Managing Director**
   Besides the above Criteria, the Remuneration/ compensation/ commission/fee to be paid to Director/ Managing Director/ Whole Time Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

2. **Non executive Independent Directors**
   The Non-Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

3. **Key Managerial Personnel's /Senior Management Personnel etc**
   The Remuneration to be paid to Key Managerial Personnel's/ Senior Management Personnel shall be based on the experience, qualification, performance and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and Rules made thereunder or any other enactment for the time being in force.

4. **Directors' and Officers' Insurance**
   Where any insurance is taken by the Company on behalf of its Directors, Key Managerial Personnel's/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

13. EVALUATION/ ASSESSMENT OF DIRECTORS OF THE COMPANY

The evaluation/assessment of the Directors of the Company is to be conducted on an annual basis.

The following criteria may assist in determining how effective the performances of the Directors have been:

- Contributing to clearly defined corporate objectives & plans
- Obtain adequate, relevant & timely information from external sources
- Review of strategic and operational plans, objectives and budgets
- Regular monitoring of corporate results against projections
- Identify, monitor & take steps for mitigation of significant corporate risks
- Assess policies, structures & procedures
- Review management's succession plan
- Effective meetings
- Assuring appropriate board size, composition, independence, structure

- Clearly defining roles & monitoring activities of committees

  Additionally, for the evaluation/assessment of the performances of Managing Director(s)/Whole Time Director(s) of the Company, following criteria may also be considered:
- Leadership abilities
- Communication of expectations & concerns clearly with subordinates
- Direct, monitor & evaluate KMPs, senior officials

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non- Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

14. DISCLOSURE

The Remuneration policy and the evaluation criteria shall be disclosed in the Board's Report.

15. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

16. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case. However, this shall be subject to the approval of Board of Directors on the recommendation of Nomination and Remuneration Committee of the Company.

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ANNEXURE IV TO THE DIRECTORS' REPORT

FORM No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Malana Power Company Limited (CIN: U40101HP1997PLC019959)
Himachal Pradesh.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Malana Power Company Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (**Not applicable to the Company during the Audit period**)

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (**Not applicable to the Company during the Audit period**)

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): (**All the following Regulations including amendments, if any, from time to time are not applicable to the Company during the Audit period**)

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(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other law applicable specifically to the Company, as identified and on the basis of representation given by the management,:

The Electricity Act, 2003.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Notified and effective from 1st July, 2015).

(ii) The SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015. (**Not Applicable to the Company during the Audit period**)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. -

Normally adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

MALANA POWER COMPANY LTD.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. There was no dissenting vote for any matter.

I further report that I have relied on the representation made by the Company and its officers for system and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. Therefore, I am of the opinion that the management has adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has undertaken event/action having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc. referred to above viz.,

- The Company has done debt refinancing for replacement of high cost debt with low cost debt, wherein the resolution was passed by the Committee of the board of directors on 7th March 2017 and 22nd March 2017 and such Committee was duly constituted by the Board on 12th December, 2016 and 27th February 2017 in order to avail financial facility from new lenders in order to prepay the lenders like IDBI Bank Limited and ICICI Bank Limited..

This report is to be read with my letter of even date which is annexed as **Annexure I** and forms an integral part of this report.

FOR P. KATHURIA & ASSOCIATES
COMPANY SECRETARIES

(PRADEEP KATHURIA)
FCS 4655
CP 3086

PLACE: NEW DELHI
DATE: 09.08.2017

'Annexure I'

To

The Members,
Malana Power Company Limited (CIN: U40101HP1997PLC019959)
Himachal Pradesh

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial record and Books of Accounts of the company since the same have been subject to review by Statutory Auditor.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

FOR P. KATHURIA & ASSOCIATES
COMPANY SECRETARIES

(PRADEEP KATHURIA)
FCS 4655
CP 3086

PLACE: NEW DELHI
DATE: 09.08.2017

MALANA POWER COMPANY LTD. ★

ANNEXURE V TO THE DIRECTORS' REPORT

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U40101HP1997PLC019959
ii)	Registration Date	20-05-1997
iii)	Name of the Company	Malana Power Company Limited
iv)	Category / Sub-Category of the Company	Public Company/ Limited by shares Indian Non Government Company
v)	Address of the registered office and contact details	Village Chauki, Post Office Jari, Kullu-175105, Himachal Pradesh; Phone: 01902-276074;276075
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any-	MCS Share Transfer Agent Limited, F-65, Ist Floor, Okhla Industrial Area,Phase-I,New Delhi -1100 20 (Ph:- 011-4140 6149)

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Hydro Power Generation	40101	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% of shares held	Applicable Section
1.	Bhilwara Energy Limited	U31101DL2006PLC148862	Holding Company	51%	2(46)
2.	AD Hydro Power Limited	U40101HP2003PLC026108	Subsidiary Company	88%	2(87)

MALANA POWER COMPANY LTD.

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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a. Individual/HUF	-	50	50	0.000034	-	50	50	0.000034	NIL
b. Central Govt	-	-	-	-	-	-	-	-	NIL
c. State Govt (s)	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	75,238,073	-	75,238,073	50.999966	75,238,073	-	75,238,073	59.999966	NIL
e. Banks / FI	-	-	-	-	-	-	-	-	-
f. Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**75,238,073**	**50**	**75,238,123**	**51.0000001**	**75,238,073**	**50**	**75,238,123**	**51**	NIL
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	72,287,608	72,287,608	48.999999		72,287,608	72,287,608	48.999999	NIL
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**-**	**72,287,608**	**72,287,608**	**48.999999**	**-**	**72,287,608**	**72,287,608**	**48.999999**	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**75,238,073**	**72,287,658**	**147.525,731**	**100**	**75,238,073**	**72,287,658**	**147.525,731**	**100**	NIL
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal capital in excess of Rs 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**75,238,073**	**72,287,658**	**147.525,731**	**100**	**75,238,073**	**72,287,658**	**147.525,731**	**100**	NIL

MALANA POWER COMPANY LTD. ★

ii. SHAREHOLDING OF PROMOTERS

S.I. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of 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	% change in share holding during the year
1	Bhilwara Energy Limited*	75,238,123	51%	-	75,238,123	51%	-	NIL
2	Statkraft Holding Singapore Pte. Ltd.	72,287,608	49%	-	72,287,608	49%	-	NIL
	Total	**147,525,731**	**100%**	**-**	**147,525,731**	**100%**	**-**	**NIL**

***NOTE:** Out of 75,238,123 Equity shares of Rs.10/- each held by Bhilwara Energy Limited, 50 Equity Shares are held by individuals as registered owners, on behalf of Bhilwara Energy Limited. The Beneficial Interest is with Bhilwara Energy Limited.

iii. CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

S.I. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	NO CHANGES			
3	At the End of the year	-	-	-	-

MALANA POWER COMPANY LTD.

iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

S.I. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	NO CHANGE			
3	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S.I. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year					
1	Mr. Ravi Jhunjhunwala	-	-	-	-
2	Dr. Kamal Gupta	-	-	-	-
3	Mr. Rajinder Pal Goel	-	-	-	-
4	Ms. Tima Iyer Utne	-	-	-	-
5	Mr. Knut Leif Bredo Erichsen	-	-	-	-
6	Mr. Tantra Narayan Thakur	-	-	-	-
7	Mr. Om Prakash Ajmera (CEO & CFO)	-	-	-	-
8	Mr. Arvind Gupta (Company Secretary)	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGES			

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At the End of the year					
1	Mr. Ravi Jhunjhunwala	-	-	-	-
2	Dr. Kamal Gupta	-	-	-	-
3	Mr. Rajinder Pal Goel	-	-	-	-
4	Ms. Tima Iyer Utne	-	-	-	-
5	Mr. Knut Leif Bredo Erichsen	-	-	-	-
6	Mr. Tantra Narayan Thakur	-	-	-	-
7	Mr. Om Prakash Ajmera (CEO & CFO)	-	-	-	-
8	Mr. Arvind Gupta (Company Secretary)	-	-	-	-

V. INDEBTEDNESS **(Amt. in Crores)**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	195.00	-	-	195.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.03	-	-	0.03
Total (i+ii+iii)	**195.03**	**-**	**-**	**195.03**
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	5.35	-	-	5.35
Net Change	**5.35**	**-**	**-**	**5.35**
Indebtedness at the end of the financial year				
i) Principal Amount	189.65	-	-	189.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.05	-	-	0.05
Total (i+ii+iii)	**189.70**	**-**	**-**	**189.70**

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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs. Million)

S.I. No.	Particulars of Remuneration	Name of Chairman, Managing Director
1	Gross salary	**Mr. Ravi Jhunjhunwala**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.90
	(b) V alue of perquisites u/s 17(2) Income-tax Act, 1961	4.77
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	- as % of profit 1.00%	7.91
	- others, specify	-
5	Others- Gas & Electricity, etc.	0.48
	Total (A)	**22.06**
	Ceiling as per the Act	40.25 (Calculated as per Section 198 of the Companies Act, 2013 or in terms of Schedule V of the Companies Act, 2013).

B. Remuneration to other Directors:

1. Independent Directors

Sl. No.	Particulars of Remuneration	Name of Directors: Dr. Kamal Gupta	Name of Directors: Mr. Tantra Narayan Thakur	Total Amount (In Rs.)
1	Fee for attending board & committee meetings	425,000	425,000	850,000
2	Commission	-	-	-
3	Others, please specify	-	-	-
4	**Total (1)**	**425,000**	**425,000**	**850,000**

2. Other Non-Executive Directors (if any)

S.I. No.	Particulars of Remuneration	Name of Directors: Ms. Tima Iyer Utne	Name of Directors: Mr. R. P. Goel	Total Amount (In Rs.)
1	Fee for attending board committee meetings	Nil	Nil	Nil
2	Commission	Nil	Nil	Nil
3	Others, please specify	Nil	Nil	Nil
4	**Total (2)**	Nil	Nil	Nil

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

S.I. No.	Particulars of Remuneration	Key Managerial Personnel (in Rs. Million)		
		Mr. Om Prakash Ajmera (Chief Financial Officer & Chief Executive Officer)	Mr. Arvind Gupta (Company Secretary)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.92	1.24	16.16
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.47	0.10	0.57
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	0.21	-	0.21
	Total (A)	**15.60**	**1.34**	**16.94**

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VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any(give Details)
A. COMPANY					
Penalty					
Punishment			NONE		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NONE		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NONE		
Compounding					

MALANA POWER COMPANY LTD.

ANNEXURE VI TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

PART-A

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs and the Composition of the CSR Committee.	Refer to Point No. 15(iii) on Corporate Social Responsibility in Director's Report.
2.	Average Net Profit of the Company for last three financial years:	Rs. 285.10 million
3.	Prescribed CSR Expenditure (two percent of the amount as in item 2 above):	Rs. 5.702 million
4.	Details of CSR spent during the financial year 2016-17:	
	a. Total amount to be spent for the financial year 2016-17:	Rs. 5.702 million
	b. Total amount spent during the financial year 2016-17:	Rs. 2.842 million
	c. Amount unspent, if any:	Rs. 2.860 million
	d. Manner in which the amount spent during the financial year:	As detailed below

MALANA POWER COMPANY LTD.

Manner in which the amount spent during the financial year 2016-17:

(Rs. in Million)

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (State and district where projects or programs were undertaken)	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: 1.Direct expenditure on projects or programs. 2. Overheads:	Cumulative expenditure upto the reporting period (01.04.16 to 31.03.17).	Amount spent: Direct or through implementing agency
1	Acupressure Health Centre.	Promoting Health care	Local Area (Distt-Kullu, Himachal Pradesh)	0.25	0.22	0.22	Direct
2	Providing Doctor and medicine facilities	Promoting Health care	Local Area (Distt-Kullu, Himachal Pradesh)	0.25	0.18	0.18	Direct
3	Construction of Bio waste pit in CHC Jari	Promoting Health care	Local Area (Distt-Kullu, Himachal Pradesh)	0.20	0.00	0.00	Direct
4	Providing free medicines to patients treated at ADHPL hospital, Prini	Promoting Health care	Local Area (Distt-Kullu, Himachal Pradesh)	1.00	0.58	0.58	Direct
5	Honorariums for six person at ADHPL hospital, Prini	Promoting Health care	Local Area (Distt-Kullu, Himachal Pradesh)	0.40	0.10	0.10	Direct
4	Donation to Red cross society (to help physically challenged and poor people)	Promoting Health care of poor people	Local Area (Distt-Kullu, Himachal Pradesh)	0.20	0.18	0.18	Through Red Cross Society
5	Providing Teaching aid and honorarium	Promoting education	Local Area (Distt-Kullu, Himachal Pradesh)	0.20	0.46	0.46	Direct
6	MPCL Scholarship Scheme	Promoting education	Local Area (Distt-Kullu, Himachal Pradesh)	1.06	0.00	0.00	Direct
7	Providing facilities to adjoin school	Promoting education	Local Area (Distt-Kullu, Himachal Pradesh)	0.20	0.00	0.00	Direct
8	Solar lights facility for Chowki village	Rural Development	Local Area (Distt-Kullu, Himachal Pradesh)	0.15	0.06	0.06	Direct
9	Improvement of footpaths in project area	Rural Development	Local Area (Distt-Kullu, Himachal Pradesh)	0.20	0.02	0.02	Direct
10	Awareness program among the children/women for conservation of flora and fauna	Environment sustainability and ecological	Local Area (Distt-Kullu, Himachal Pradesh)	0.20	0.00	0.00	Direct

MALANA POWER COMPANY LTD. *

		balance					
11	Construction of nature park at Babeli (Kullu)	Environment sustainability and ecological balance	Local Area (Distt-Kullu, Himachal Pradesh)	0.70	0.70	0.70	Direct
12	Plantation and Greenery development around the project area	Environment sustainability and ecological balance	Local Area (Distt-Kullu, Himachal Pradesh)	0.10	0.06	0.06	Direct
13	Swachhta Abhiyan/Sanitation around the area	Swachha Bharat Abhiyan	Local Area (Distt-Kullu, Himachal Pradesh)	0.10	0.00	0.00	Direct
14	Schemes for women empowerment	Empowering Women	Local Area (Distt-Kullu, Himachal Pradesh)	0.10	0.09	0.09	Direct
15	Sponsored Athlete from Special Olympics Bharat Himachal Pradesh for participating in World Winter Games, Austria	Sports	Local Area (Distt-Kullu, Himachal Pradesh)	0.20	0.20	0.20	Special Olympics Bharat Himachal Pradesh
15	Miscellaneous Expenditure (Environmental sustainability /tree plantation, Development of local community (Empowering women/awareness program)	Under CSR Policy	Local Area (Distt-Kullu, Himachal Pradesh)	0.40	0.00	0.00	Direct
			TOTAL	**5.71**	**2.85**	**2.85**	

Note: There is no CSR related expenditure under the head 'overheads'.

MALANA POWER COMPANY LTD. ★

PART-B

Reason for not spending the entire amount as given in point no. 4(a) of (PART-A) above:

During the financial year 2016-17, the Company was required to spend total amount of Rs. 5.71 million on various CSR activities. However the Company could spend only Rs. 2.85 million on CSR areas covered under the Companies Act, 2013 and Rules made thereunder.

The amount of Rs.2.86 million could not be spent because there were certain plans/schemes which are in the implementation process and expenditure for those plans/schemes will be incurred in the current financial year. We would like to inform you that the Company in the financial year 2016-17 had strongly focused on CSR areas like Education, Healthcare and Environment as part of its various CSR initiatives. We have implemented:

i. **'MPCL Scholarship program'** for people in the local area of the Project. The Company has shortlisted the eligible students as per the scholarship program and is in the process of awarding scholarships to the bright and eligible students. To ensure that the benefit reaches the needy and brilliant students, and being the pilot program of such type, the implementation took some time. However, in the current year the implementation task is over and Company will award the Scholarship to eligible students.

ii. **The Company had sponsored two intellectually disabled athletes from Himachal Pradesh for their participation in Special Olympics World Winter Games in March 2017 at Austria.**

iii. **Health center facility** for local people in Village Chowki & Jari with doctors and free medicine facility.

iv. **Nature Park at Babali (Dist. Kullu)** for environmental sustainability & sensitizing people towards the environment protection.

v. The construction work for Bio medical Waste Pit' in Community Health Centre in Village Jari (Dist. Kullu) could not be completed by March 2017 but the same has been completed in FY 2017-18 and expenditure in this regard has been booked in current year.

vi. Provided free school building and infrastructure to M/s La Montessori English medium school for imparting education till 10th standard in Village Chowki & Jari (Dist. Kullu).

MALANA POWER COMPANY LTD.

vii. Various other activities for Rural area development and improving sanitation under the Swach Bharat Abhiyan and promoting.

RESPONSIBILITY STATEMENT

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company, is reproduced below:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

(Ravi Jhunjhunwala)
Chairman & Managing Director
Chairman, CSR Committee
(DIN 00060972)
Address: Bhilwara Towers, A-12
Sector-1, Noida-201301

MALANA POWER COMPANY LTD.

MALANA POWER COMPANY LIMITED

CIN No. : U40101HP1997PLC019959

Financial Statement

2016 - 17

31st, March 2017

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S.R. BATLIBOI & CO. LLP
Chartered Accountants

Golf View Corporate Tower - B
Sector-42, Sector Road
Gurgaon -122 002, Haryana, India

Tel : +91 124 464 4000
Fax: +91 124 464 4050

INDEPENDENT AUDITOR'S REPORT

To the Members of Malana Power Company Limited

Report on the Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of Malana Power Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

S.R. BATLIBOI & CO. LLP
GURGAON

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

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

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 2" to this report;

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 32, 36 and 37 to the standalone Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

S.R. BATLIBOI & CO. LLP * GURGAON *

iv. The Company has provided requisite disclosures in Note 43 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S.R. BATLIBOI & CO. LLP * GURGAON *

per Atul Seksaria
Partner
Membership Number: 086370
Place: NOIDA
Date: 4th MAY 2017

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date
Re: Malana Power Company Limited (the Company)

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

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to information and explanations given by the management the title deeds of immovable properties included in fixed assets are held in the name of the company. These title deeds have been given as security (mortgage and charge) against the term loans taken from banks and accordingly the original title deeds are kept with the Security Trustee- IDBI Trusteeship Services Limited, as security for the lenders.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) The Company has granted loan to its subsidiary company (i.e. AD Hydro Power Limited – ADHPL where it holds 88% in share capital and thus has substantial interest) covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the loan are not prima facie prejudicial to the Company's interest.

(b) As informed to us and as per the terms of subordinated Loan agreement between the Company and ADHPL, the loan granted and interest thereon is repayable only once all obligations to the senior lenders have been paid and discharged in full. Accordingly, the Company has not demanded repayment of any such loan and interest thereon during the year and there has been no default on the part of the parties to whom the money has been lent.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to generation of electricity from hydro-electric power, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund , income-tax, sales-tax, service tax, customs duty, value added tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance and excise duty are not applicable to the Company. According to the information and explanations given to us, no such statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

S.R. BATLIBOI & CO. LLP
GURGAON

(b) According to the records of the Company, the statutory dues outstanding on account of any dispute, are as follows.

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of expenses under Section 14A, excess disallowance claimed u/s 80IA and disallowance of common expenses.	34.07*	Assessment Year 2009-10	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Disallowance of expenses under Section 14A, excess disallowance claimed u/s 80IA	68.75	Assessment Year 2011-12	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Disallowance of expenses under Section 14A, excess disallowance claimed u/s 80IA	71.19	Assessment Year 2013-14	CIT (Appeals), New Delhi
Income Tax Act, 1961	Disallowance of expenses under Section 14A, excess disallowance claimed u/s 80IA, Disallowance of MAT Credit adjustment	4.21	Assessment Year 2014-15	CIT (Appeals), New Delhi

* Though, these demands have been adjusted by the Assessing Officer against refunds for subsequent assessment years, the Company has contested the same.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government. The Company did not have any outstanding dues in respect of debentures during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer/debt instruments. Further, in our opinion according to the information and explanations given by the management, the company has utilized the monies raised by way of term loans for the purposes for which those were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

S.R. BATLIBOI & CO. LLP * GURGAON *

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S.R. BATLIBOI & CO. LLP * GURGAON *

per Atul Seksaria
Partner
Membership Number: 086370

Place: NOIDA
Date: 4th May 2017

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MALANA POWER COMPANY LIMTED

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

To the Members of Malana Power Company Limited

We have audited the internal financial controls over financial reporting of Malana Power Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

S.R. BATLIBOI & CO. LLP * GURGAON *

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S.R. BATLIBOI & CO. LLP
GURGAON

per Atul Seksaria
Partner
Membership Number: 086370
Place: NOIDA
Date: 4th May 2017

Malana Power Company Limited
Balance Sheet as at March 31, 2017

(Rupees in lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
1 (a) Property, plant and equipment	3	12,186.20	12,574.05	12,970.02
(b) Intangible assets	4	0.96	0.96	0.96
(c) Financial assets				
(i) Investments	5	49,295.56	49,295.56	49,295.56
(ii) Loans	6	46,410.05	46,410.09	46,416.63
(iii) Others	7	19,225.38	14,633.76	10,542.19
(d) Other non-current assets	8	460.41	474.90	142.19
		127,578.56	**123,389.32**	**119,367.55**
2 Current assets				
(a) Inventories	9	218.75	217.05	248.34
(b) Financial assets				
(i) Trade receivables	10	396.36	466.03	73.82
(ii) Cash and cash equivalents	11	1,985.64	50.65	1,071.00
(iii) Bank balances other than (ii) above	12	32.18	32.18	32.18
(iv) Loans	6	28.75	8.69	6.02
(v) Other	7	6.25	8.88	1.33
(c) Other current assets	8	51.91	104.44	64.77
		2,719.84	**887.92**	**1,497.46**
Total assets		**130,298.40**	**124,277.24**	**120,865.01**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15	14,752.57	14,752.57	14,752.57
(b) Other equity	16			
Securities Premium		32,545.67	32,545.67	32,545.67
Retained Earnings		59,986.36	53,512.64	48,331.55
Total equity		**107,284.60**	**100,810.88**	**95,629.79**
LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	14	18,530.61	18,921.12	18,900.00
(b) Provisions	17	79.00	68.20	71.77
(c) Deferred tax liabilities (net)	18	3,160.02	3,451.27	3,132.78
		21,769.63	**22,440.59**	**22,104.55**
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	19	709.90	417.30	187.04
(ii) Other financial liabilities	20	448.67	465.97	2,727.70
(b) Other current liabilities	21	48.46	45.73	47.86
(c) Provisions	17	24.90	19.15	31.24
(d) Current tax liability (net)	13	12.24	77.62	136.83
		1,244.17	**1,025.77**	**3,130.67**
Total equity and liabilities		**130,298.40**	**124,277.24**	**120,865.01**

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 04th May 2017

Malana Power Company Limited
Statement of Profit & Loss for the year ended March 31, 2017

(Rupees in lakhs)

Particulars	Note No.	March 31, 2017	March 31, 2016
Revenue from operations	22	7,851.18	8,149.17
Other Income	23	5,418.50	5,727.82
Total Income		**13,269.68**	**13,876.99**
Expenses			
Wheeling Cost		279.03	272.10
Open access charges		512.90	514.06
Employee benefits expense	24	928.35	883.63
Finance costs	25	2,223.41	2,316.39
Depreciation and amortisation expense	26	414.30	423.05
Other expenses	27	1,039.12	827.60
Total expenses		**5,397.11**	**5,236.83**
Profit / (Loss) before exceptional items and tax		**7,872.57**	**8,640.16**
Exceptional items	28	-	2,124.00
Profit / (Loss) before tax		**7,872.57**	**6,516.16**
Current tax /(Minimum Alternate Tax)	29	-	1,363.33
Current Tax	29	2,813.33	-
Less: MAT Credit Entitlement	29	-	(332.71)
Less: MAT Credit Availed of earlier years (Refer Note No. 38)	29	(1,133.20)	-
Deferred tax	29	(291.25)	318.49
Income tax expense		**1,388.88**	**1,349.11**
Profit / (loss) for the year		**6,483.69**	**5,167.05**
Other comprehensive income			
A (i) Items that will not to be reclassified to profit or loss: -Re-measurement gains/ (losses) on defined benefit plans		(9.97)	14.04
(ii) Income tax relating to items that will not be reclassfied to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss:			
(ii) Income tax relating to items that will be reclassified to profit or loss			
Other comprehensive income for the year		**(9.97)**	**14.04**
Total comprehensive income for the year, net of tax		**6,473.72**	**5,181.09**

Earnings per equity share			
Basic	30	4.39	3.50
Diluted	30	4.39	3.50

Summary of significant accounting policies 2.2
The accompanying notes are an integral part of the financial statements

As per our report of even date
For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

S.R. BATLIBOI & CO. LLP * GURGAON *

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 04th May, 2017

MALANA POWER COMPANY LTD. *

Malana Power Company Limited
Statement of changes in equity for the year ended March 31, 2017

(a) Equity share Capital

Equity shares of Rs 10 each issued , subscribed and fully paid	No. (in lakhs)	Rupees (in lakhs)
As at April 1, 2015	1,475.26	14,752.57
Changes in Equity share capital during the year	-	-
As at March 31, 2016	1,475.26	14,752.57
Changes in Equity share capital during the year	-	-
As at March 31, 2017	1,475.26	14,752.57

(b) Other Equity

Particulars	Reserves and Surplus		Total
	Securities premium account	Retained earnings	
As at April 1, 2015	32,545.67	48,331.55	80,877.22
Profit during the year	-	5,167.05	5,167.05
Other comprehensive income			
- Remeasurements of the net defined benefit plans	-	14.04	14.04
Total comprehensive income as at March 31, 2016	-	5,181.09	5,181.09
As at March 31, 2016	32,545.67	53,512.64	86,058.31
As at March 31, 2016	32,545.67	53,512.64	86,058.31
Profit during the year	-	6,483.69	6,483.69
Other comprehensive income			
- Remeasurements of the net defined benefit plans	-	(9.97)	(9.97)
Total comprehensive income as at March 31, 2017	-	6,473.72	6,473.72
As at March 31, 2017	32,545.67	59,986.36	92,532.03

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 04th May, 2017

Malana Power Company Limited
Statement of Cash Flow for the year ended March 31,2017

(Rupees in Lakhs)

Particulars	March 31, 2017	March 31, 2016
A. Cash flow from operating activities		
Profit/(loss) before tax	7,872.57	6,516.16
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	414.30	423.05
Gain on disposal of property, plant and equipment	(2.10)	(4.86)
Movement in provision for gratuity and leave encashment	6.58	(1.61)
Finance cost	2,223.41	2,316.39
Interest income	(5,247.82)	(5,223.64)
Working Capital Adjustments:		
(Increase) / Decrease in trade receivables	69.67	(392.21)
(Increase) / Decrease in financial assets - loans	(20.02)	3.87
(Increase) / Decrease in other financial assets	5.39	(5.36)
(Increase) / Decrease in other current assets	52.53	(39.67)
(Increase)/Decrease in Inventories	(1.70)	31.29
Increase / (Decrease) in trade payables	292.60	230.26
Increase / (Decrease) in other financial liabilities	(19.95)	1.47
Increase / (Decrease) in other current liabilities	2.73	(2.13)
	5,648.19	**3,853.01**
Income Tax Paid	(1,731.02)	(1,422.55)
Net cash flow (used) in/ from Operating Activities	**3,917.17**	**2,430.46**
B. Cash flow from investing activities		
Purchase of property, plant & equipment.	(29.46)	(36.33)
Proceeds from sale of property, plant and equipment	5.11	14.11
Interest received	653.44	1,129.88
Net cash flow (used) in/ from Investing Activities	**629.09**	**1,107.66**
C. Cash flow from financing activities		
Repayments of borrowings	(534.84)	(2,100.00)
Interest paid	(2,076.43)	(2,458.47)
Net cash (used) in/ from financing activities	**(2,611.27)**	**(4,558.47)**
Net increase/(decrease) in cash & cash equivalent	1,934.99	(1,020.35)
Cash & cash equivalent at the beginning of the year	50.65	1,071.00
Cash & Cash equivalent at year end	**1,985.64**	**50.65**

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

S.R. BATLIBOI & CO. LLP GURGAON

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO
Place : NOIDA
Date : 04th May 2017

Arvind Gupta
Company Secretary
M.No.:-F7690

MALANA POWER COMPANY LTD.

1. Corporate information

Malana Power Company Limited (hereinafter referred to as 'the Company') is engaged in the generation of hydroelectric power and development of hydro power projects. The Company has the necessary permission from the Government of Himachal Pradesh to own, operate & maintain the project and sell power for a period of forty years from the date of commercial operation i.e. July 5, 2001 with the option to avail a further extension for a maximum period of twenty years after renegotiation of terms and conditions.

2. Significant accounting policies

2.1 Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company, with effect from 1st April 2016, has adopted Indian Accounting Standards (the 'Ind AS') notified under the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016. For all periods up to and including the year ended 31st March 2016, the Company had prepared its financial statements in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (referred to as 'Indian GAAP').These financial statements have been prepared under the historical cost basis.

These financial statements are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. Previous yearnumbers in the financial statements have been restated in accordance with Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in Note 44. The details of the first time adoption exemptions availed by the Company is given in Note42(a).

2.2 Summary of significant accounting policies

a) Current versus Non-Current

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

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MALANA POWER COMPANY LTD. *

b) Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Critical accounting estimates and judgments:
The areas involving critical estimates and judgments are:

I. Service Concession Arrangements

Management has assessed applicability of Appendix A of Ind AS 11: Service Concession Arrangements to power distribution arrangements entered into by the company. In assessing the applicability, management has exercised significant judgment in relation to the underlying ownership of the asset, terms of the power distribution arrangements entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to granted cash, significant residual interest in the infrastructure, etc. Based on detailed evaluation, management has determined that this arrangement does not meet the criterion for recognition as service concession arrangements.

c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of Electricity

Revenue from sale of electricity is recognised on the basis of billable electricity (over and above free supply to Himachal Pradesh's State Government) scheduled to be transmitted to the customers, which approximates the actual electricity transmitted.

Transmission Income

Revenue from transmission income is recognized on accrual basis.

Voluntary emission rights (VER)

Revenue is recognized as and when the VER's are certified and ultimate collections are made for the same.

Other Income

Interest

Interest income is recognised on a time proportion basistaking into account the amount outstanding and the rate applicable. Interest Income is includedunder the head 'Other Income' in the Statement of P&L.

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MALANA POWER COMPANY LTD. *

d) **Inventory Valuation**

Inventories comprising of components, stores and spares are valued at lower of cost and net realizable value.

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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.

e) **Property, Plant and Equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. It includes other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives.Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the costs of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of profit and loss when incurred. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

Depreciation:

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under Schedule II of the Companies Act 2013. The Company has used the following useful lives to provide depreciation on its fixed assets.

Assets	Useful life (Years)
Buildings other than factory buildings	60
Plant and Machinery used in generation, transmission and distribution of power	40
Civil Work	40
Factory Buildings	30
Plant and Machinery	15
Electrical Installations	10
Furniture and Fixtures	10
Roads	10
Vehicles	8
Computers and Data processing equipments	3-6
Office equipments	5
Software	3

The depreciation was provided in accordance with the Schedule II to the Companies Act, 2013.

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MALANA POWER COMPANY LTD. *

f) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any Intangible assets are amortized on a straight line basis over the estimated useful economic life of 3 to 5 years.

The intangible assets are assessed for impairment whenever there is indication that the intangible assets may be impaired. The amortization period and the amortization method are reviewed at least at each financial year end.

Gains or losses arising from recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is the lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

h) Impairment of Non-Financial Assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

i) Financial Instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Debt instruments at amortised cost
- ▶ Debt instruments at fair value through other comprehensive income (FVTOCI)
- ▶ Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- ▶ Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

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Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Lease receivables under Ind AS 17
d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
e) Loan commitments which are not measured as at FVTPL
f) Financial guarantee contracts which are not measured as at FVTPL

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The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- ► Trade receivables or contract revenue receivables; and
- ► All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- ► All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- ► Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- ► Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
- ► Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- ► Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

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Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Loans and borrowings

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

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

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Foreign currency translation

Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

k) Retirement and other employeebenefits

1. Defined Contribution Plan:

Retirement benefits in the form of provident fund and superannuation scheme are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund/trust.

2. Defined Benefit Plan:

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company

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treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

l) Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

n) Cash and cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

o) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p) Earning 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.

q) Borrowing Cost

Borrowing costs specifically relating to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying

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asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.

All other borrowing costs are expensed in the period in which they occur.

r) Fair Value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

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Malana Power Company Limited
Notes To The Financial Statements For The Year Ended March 31, 2017

3 Property, plant & equipment

(Rupees in lakhs)

Particulars	Civil Work	Freehold Building and Roads	Computers	Electric Installations	Freehold Land	Furniture and Fixtures	Office Equipments	Plant & Machinery	Transmission Line	Vehicles	Total
Gross Block											
As at April 1, 2015	18,427.27	3,258.51	52.63	151.87	213.36	47.17	49.17	9,379.86	1,996.71	108.94	33,685.49
Additions	-	-	-	3.51	-	0.10	3.89	-	-	28.83	36.33
Disposals	-	-	1.72	-	-	5.90	-	-	-	39.64	47.26
As at March 31, 2016	18,427.27	3,258.51	50.91	155.38	213.36	41.37	53.06	9,379.86	1,996.71	98.13	33,674.56
Additions	-	-	3.45		-	4.30	0.99	4.18	-	16.54	29.46
Disposals	-	-	11.30	1.86	-	1.18	3.00	0.16	-	9.97	27.47
As at March 31, 2017	18,427.27	3,258.51	43.06	153.52	213.36	44.49	51.05	9,383.88	1,996.71	104.70	33.676.55
Depreciation											
As at April 1, 2015	11,285.01	1,692.79	47.92	137.13	-	38.84	39.34	6,040.64	1,354.03	79.77	20,715.47
Charge for the year	237.40	33.96	1.44	1.43	-	1.32	6.62	113.62	20.71	6.55	423.05
Disposals	-	-	1.69	-	-	3.56	-	-	-	32.76	38.01
As at March 31, 2016	11,522.41	1,726.75	47.67	138.56	-	36.60	45.96	6,154.26	1,374.74	53.56	21,100.51
Charge for the year	235.98	33.86	1.25	4.42	-	0.77	1.43	109.16	20.65	6.78	414.30
Disposals	-	-	10.94	1.77	-	0.98	2.85	0.07		7.85	24.46
As at March 31, 2017	11,758.39	1,760.61	37.98	141.21	-	36.39	44.54	6,263.35	1,395.39	52.49	21,490.35
Net Block											
As at April 1, 2015	7,142.26	1,565.72	4.71	14.74	213.36	8.33	9.83	3,339.22	642.68	29.17	12,970.02
As at March 31, 2016	6,904.86	1,531.76	3.24	16.82	213.36	4.77	7.10	3,225.60	621.97	44.57	12,574.05
As at Macrh 31, 2017	6,668.88	1,497.90	5.08	12.31	213.36	8.10	6.51	3,120.53	601.32	52.21	12,186.20

Notes :
1) The company has elected to measure the items of property, plant and equipment at carrying value as per previous GAAP as deemed cost on the date of transition
2) Freehold building and roads includes cost of road Rs 1,228.38 lakhs (Previous year 1,228.38 lakhs) constructed on forest land diverted for the project under irrevocable right to use
3) Transmission Lines includes Rs 41.81 lakhs (Previous year Rs 41.81 lakhs) towards cost of land and compensation paid to Forest Department for construction of Transmission towers under irrevocable right to use

4 Intangible Asset

Particulars	Computer software	Total
Gross Block		
As at April 1, 2015	59.29	59.29
Addition	-	-
As at March 31, 2016	59.29	59.29
Additon	-	-
As at March 31, 2017	59.29	59.29
Amortisation		
As at April 1, 2015	58.33	58.33
Charge for the year	-	-
As at March 31, 2016	58.33	58.33
Charge for the year	-	-
As at March 31, 2017	58.33	58.33
Net Block		
As at April 1, 2015	0.96	0.96
As at March 31, 2016	0.96	0.96
As at March 31, 2017	0.96	0.96

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5. Investments

(Rupees in lakhs)

	Non Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
492,955,640 (Previous year 492,955,640) equity shares of Rs 10 each fully paid of AD Hydro Power Limited (pledged with security trustee on behalf of lenders of AD Hydro Power Limited)	49,295.56	49,295.56	49,295.56
Total	49,295.56	49,295.56	49,295.56

Note: The company has elected previous carrying GAAP value as deemed cost as on the date of transition.

6. Loans

(Rupees in lakhs)

	Non Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered goods						
Security deposits	30.05	30.05	30.05	-	-	-
Loans & advance to subsidiary company	46,380.00	46,380.00	46,380.00	-	-	-
Loans to employees	-	0.04	6.58	28.75	8.69	6.02
Total	46,410.05	46,410.09	46,416.63	28.75	8.69	6.02

7. Other financial assets

(Rupees in lakhs)

Particulars	Non-Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance for Bara Banghal project [including Rs. 681.88 lakhs (Previous year Rs. 681.88 lakhs) towards consultancy and other expenses on the project] (Unsecured, considered doubtful) (Refer note 36)	6,801.84	6,801.84	6,801.84	-	-	-
Less : Provision against upfront premium/other expenditure for Bara Banghal Project	(3,741.84)	(3,741.84)	(3,741.84)	-	-	-
Interest accrued on banks deposits	-	-	-	6.25	3.49	1.30
Interest accrued on loan given to subsidiary company	16,144.37	11,552.75	7,461.18	-	-	-
Surrender value of keyman insurance policy	21.01	21.01	21.01	-	-	-
Advances recoverable in cash and kind				-	5.39	0.03
Total	19,225.38	14,633.76	10,542.19	6.25	8.88	1.33

8. Other non-current and current assets

(Rupees in lakhs)

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances other than capital advances						
Advance tax/TDS	127.70	142.19	142.19	-	-	-
MAT Credit entitlement (Refer Note No. 38)	332.71	332.71	-	-	-	-
Advances recoverable in cash and kind	-	-	-	49.32	101.81	59.47
Advances to employees				2.59	2.63	5.30
Total other assets	460.41	474.90	142.19	51.91	104.44	64.77

9. Inventories

(Rupees in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Stores and spares (including store lying with third parties Rs 1.17 lakhs (previous year Rs 0.22 lakhs)	218.75	217.05	248.34
Total	218.75	217.05	248.34

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10. Trade receivables

(Rupees in lakhs)

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivable			
Unsecured, considered good	396.36	466.03	73.82
	396.36	466.03	73.82

11. Cash & cash equivalents

(Rupees in lakhs)

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks :			
- Current accounts	151.39	48.63	266.63
- Deposits with original maturity for less than 3 months	1,830.00	-	800.00
Cash on hand	4.25	2.02	4.37
Total	1,985.64	50.65	1,071.00

12. Bank Balance

(Rupees in lakhs)

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Margin money deposit (held as security)	30.18	30.18	30.18
Deposits with original maturity for more than 3 months but less than 12 months	2.00	2.00	2.00
Total	32.18	32.18	32.18

13. Current tax assets/ Liability (net)

(Rupees in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for tax	12.24	77.62	136.83
	-	-	-
Total	12.24	77.62	136.83

14. Borrowings

(Rupees in lakhs)

Particulars	Non - Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Term loans from Banks						
Secured	18,965.16	19,357.92	21,600.00	-	-	-
Current Maturities of long term borrowings	(434.55)	(436.80)	(2,700.00)	-	-	-
Total	18,530.61	18,921.12	18,900.00	-	-	

14.1 Additional Disclosures

PARTICULARS	Carrying Value	LOAN MATURITY DATE	TERMS OF REPAYMENT
Term loan from banks			
IDFC Infrastructure Finance Limited - 1	4,790.24	30.09.2029	Structured 54 quarterly installments till 30.9.2029
IDFC Infrastructure Finance Limited - 2	8,407.36	30.09.2029	Structured 51 quarterly installments till 30.9.2029
India Infradebt Limited	5,767.56	30.09.2029	Structured 51 quarterly installments till 30.9.2029
Total	18,965.16		

The Company had taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd. carrying interest at ICICI bank base rate plus 0.675% currently @ 9.925% per annum (previous year @10.65%) secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis repayable in structured 54 quarterly installments commencing from 30th June 2016 and ending on 30th September 2029

The Company has taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd carrying interest @ 9.65% per annum fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis repayable in structured 51 quarterly installments commencing from 31st march 2017 and ending 30 September 2029

The Company has taken Indian Rupee term loans from India Infradebt Ltd carrying interest @ 9.65% per annum fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis repayable in structured 51 quarterly installments commencing from 31st March 2017 and ending on 30th September 2029

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17. Provisions

(Rupees in lakhs)

Particulars	Note reference	Non - current			Current		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits							
Gratuity		-	-		22.63	17.61	25.04
Provision for Leave encashment		79.00	68.20	71.77	2.27	1.54	6.20
					-	-	
Total		79.00	68.20	71.77	24.90	19.15	31.24

18. Deferred tax assets / liabilities (net)

(Rupees in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Property, plant & equipment	3,180.88	3,394.96	3,125.64
Others	(20.86)	56.31	7.14
	3,160.02	3,451.27	3,132.78

19. Trade payables

(Rupees in lakhs)

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payable (Other than Micro small and medium Enterprises)	709.90	417.30	187.04
Total	709.90	417.30	187.04

20. Other financial liabilities

(Rupees in lakhs)

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other current liabilities						
Current maturities of long term borrowings	-	-	-	434.55	436.80	2,700.00
Sundry deposits	-	-	-	9.22	29.17	27.70
Interest accrued but not due on loan from financial institution				4.90	-	-
Total	-	-	-	448.67	465.97	2,727.70

21. Other liabilities

(Rupees in lakhs)

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2017	As at April 1, 2015
Statutory dues	-	-	-	48.46	45.73	47.86
Total	-	-	-	48.46	45.73	47.86

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Notes To The Financial Statements For The Year Ended March 31, 2017

22. Revenue from operations

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Sale of Power		
Revenue from operations (gross)	7,898.88	8,072.56
Less : Discount on prompt payments	70.38	74.23
Less : Unscheduled interchange charges	55.83	(51.39)
Transmission charges received	78.51	99.45
Revenue from Operations (Net)	**7,851.18**	**8,149.17**

23. Other income

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Interest income		
Interest on Bank Deposits	122.07	101.26
Interest on Sub debt	5,101.80	5,101.80
Interest others	23.95	20.58
Other non-operating income		
Sale of voluntary emission reductions (VER)	41.83	16.31
Transmission Charges	-	354.35
STU Charges	-	102.03
Profit on fixed assets sold/discarded	2.10	4.86
Insurance claim	102.39	20.47
Miscellaneous income	24.36	6.16
Total	**5,418.50**	**5,727.82**

24. Employee benefits expenses

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Salaries, wages and bonus	616.87	634.87
Director's remuneration	220.66	136.52
Contribution to provident and other funds	42.10	40.85
Gratuity expenses	12.59	11.78
Workmen and staff welfare expenses	36.13	59.61
Total	928.35	883.63

25. Finance costs

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Interest and other finance costs		
- on term loans from banks and financial institutions	2,176.27	2,216.00
- on Income Tax	12.56	-
Upfront fees and loan processing charges	-	36.45
Other bank charges	34.58	63.94
	-	
Total	2,223.41	2,316.39

26. Depreciation and amortization expense

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Depreciation of tangible assets	414.30	423.05
Total	**414.30**	**423.05**

27. Other expense

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Rent	21.17	35.83
Power and fuel	45.88	46.63
Repair and maintenance	-	
- Buildings	9.89	6.24
- Plant and machinery	452.19	236.70
- Others	9.36	12.38
Rates and taxes	0.05	0.12
Insurance	114.66	139.72
Payment to auditor (Refer details below)	18.92	19.39
Communication costs	15.96	17.41
Printing and stationery	6.59	4.81
Travelling and conveyance	69.72	74.81
Membership fees and subscriptions	13.75	2.94
Legal and professional fees	131.50	117.19
Social welfare expenses	4.34	10.75
CSR expenses (Refer details below)	28.42	9.17
Miscellaneous expenses	96.72	93.51
Total	**1,039.12**	**827.60**

Additional disclosures

Payment to Auditor		
As auditor:		
- Audit fee	12.73	11.45
- Fees for consolidation	-	1.15
- Fees for international reporting	4.60	4.58
In other capacity		
- Fees for other services	-	0.74
- Fees for certification	-	-
- Out of pocket expenses	1.59	1.47
TOTAL	18.92	19.39

Corporate social responsibility expenditure	March 31, 2017	March 31, 2016
Amount required to be spent as per Section 135 of the Act	57.02	24.5
Amount spent during the year on:		
(i) Construction/Acquisition of any asset	-	-
(ii) On purposes other than (i) above	28.42	9.17
Total	28.42	9.17

28. Exceptional item

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Business Support Service*	-	2,124.00
Total	-	**2,124.00**

* Exceptional items represents the one time Business Support Services amounting to Nil (March 31, 2016 : Rs 2124 lakhs)incurred in accordance with the Shareholder's Agreement entered into between Bhilwara Energy Limited and Statkraft Singapore PTE Limited

29. Tax expense

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Current tax	2,813.33	1,363.33
Deferred tax	(291.25)	318.49
MAT Credit Entitlement (Refer Note 38)	(1,133.20)	(332.71)
Total	1,388.88	1,349.11

Malana Power Company Limited
Notes To The Financial Statements For The Year Ended March 31, 2017

(a) Effective Tax Reconciliation
Numerical reconciliation of tax expense applicable to profit before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:

(Rupees in lakhs)

PARICULARS	For the year ended 31.03.2017	For the year ended 31.03.2016
Accounting profit before tax from continuing operations	7,872 57	6,516.16
Profit/Loss before tax from a discontinued operation		
Accounting Profit before Income Tax		
At India's statutory income tax rate of 30%	2,724 54	2,255 11
Tax as per accounting profit		
Expenditure not allowed for tax purpose-CSR Expenses	9 84	3 17
Tax on fixed assets written off and donations written disallowed under tax provisions		0.56
Income not credited to Profit and loss A/C		0 18
Deferred tax asset not created for	1 72	
Due to change in Deferred Working/books		
Due to difference in tax rate	0.13	
Deffered Tax On Depreciation	(189 31)	279 40
Deferred Tax on leave encashment	(24 14)	
Defferd Tax on other Temporary Diff.		9 91
Income Disallowed for tax purposes	(0 70)	(1.68)
No Tax on Income under Tax Holiday		(1,156 76)
	2,522 08	1,389 89
MAT credit entitlement recognized during the year	(1,133.20)	(40.78)
Income Tax Expenses reported in the statement of Profit & Loss	1,388.88	1,349.11

(b) Deferred tax relates to the following

Particulars	Balance Sheet			Recognised in statement of profit or	
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	For the year ended 31.03.2017	For the year ended 31.03.2016
Depreciation	(3,180 88)	(3,394.96)	(3,125.64)	214 08	(269.32)
Others	20.86	(56 31)	(7 14)	77.17	(49.17)
TOTAL	(3,160 02)	(3,451.27)	(3,132.78)	291.25	(318.49)

(c) Reconciliation of Deferred tax asset/(liability)	As at 31.03.2017	As at 31.03.2016
Opening balance	(3,451.27)	(3,132.78)
Tax income/(expense) during the period recognised in profit or loss	291.25	(318.49)
Closing Balance	(3,160.02)	(3,451.27)

30. Earnings per share

(Rupees in lakhs)

Particulars	Note No.	March 31, 2017	March 31, 2016
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of basic EPS)		6,483 69	5,167 05
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of diluted EPS)		6,483 69	5,167 05
Weighted average number of equity shares in calculating basic EPS		1,475 26	1,475 26
Effect of dilution:			
Convertible bonds		-	-
Weighted average number of equity shares in calculating diluted EPS		1,475 26	1,475 26
Basic earning per share		4.39	3 50
Diluted earning per share		4.39	3.50

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31. Segment Reporting

The Company's activities during the year involved generation of the hydro power (Refer Note 1). Considering the nature of Company's business and operations, there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of Indian Accounting Standard 108 'Segment Reporting'. The Chief Operational Decision Maker monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

Revenue of the company is majorly from sale of electricity to two major customers.

32. Commitments and Contingencies

(i) Contingent Liabilities

(a) In respect of assessment year 2009-10, 2010-11 and 2011-12, the Assessing Officer/s had disallowed certain proportion of the expenses as expenses incurred towards the exempt income under Section 14A, and denied the claim of the company to treat the income from carbon credit as capital receipt not subject to tax and raised a demand of Rs. 34.07 lacs, Nil and Rs.68.75 lacs, respectively. In response to appeal filed by the Company, part relief has been granted by the Commissioner of Income Tax (Appeals). No demands are pending as on date, as the company has paid tax under MAT provisions. Income tax department and the Company have preferred further appeal before the ITAT, New Delhi, which is pending for hearing/ orders.

(b) In respect of assessment year 2012-13, 2013-14 and 2014-15, the Assessing Officer/s had disallowed certain proportion of the expenses as expenses incurred towards the exempt income under Section 14A, deduction under Section 80IA and other disallowances under the Income Tax Act, 1961 and raised a demand of Rs.38.70 lacs, Rs.71.19 lacs and 160.04 lacs respectively. The company has preferred further appeal before the CIT Appeals which is pending for hearing/ final orders.

(c) Wheeling charges claimed by Himachal Pradesh State Electricity Board not acknowledge as debt amounting to Rs1,487.01lacs to wheel or transfer energy from Bajaura sub station to 400 kV substation of Powergrid Corporation of India(Powergrid) limited at Nalagarh (i.e. interstate point). Base on Central Electricity Regulatory Commission (CERC) order, wheeling charge finalization is pending for direction from Himachal Pradesh Electricity Regulatory Commission (HPERC).

(d) During the financial year 2014-15, Government of Himachal Pradesh has taken a decision to charges lease amount for the diverted forest land retrospectively vide demand order dated August 27, 2014 against 61 hectares of duly diverted forest land, towards the lease money for the period from July 19, 1999 to July 18, 2014, for a sum of Rs.1,385.41 lacs . Further, it directed company to pay lease money of Rs.1677.50 lacs per annum form July 19, 2014 which is subject to an increase of 5% of total lease amount after every 5 years. Based on the above the total lease rent demand as on March 31, 2017 works out to be Rs. 5,926.14 lacs.

The company has filed a writ petition before Hon'ble High Court of Himachal Pradesh which has granted stay on demand. Pending decision of the High Court, no additional provision has been deemed necessary in the financial statements in this regard.

Based on expert inputs, management believes that these demand and any possible demand for other assessment years to be raised by Income Tax Authorities on similar grounds, is unlikely to crystallize and there is a fair chance of decision in its favor.

(ii) Commitments

a) Malana Power Company Limited has entered into agreement with Himachal Pradesh State Electricity Board (HPSEB) to wheel or transfer energy from Bajaura sub station to 400 kV substation of Powergrid Corporation of India(Powergrid) limited at Nalagarh (i.e. interstate point).

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The company has agreed to pay wheeling charges. This, being firm commitment, is recognized as an expense, on receipt of monthly bills from HPSEB under the head 'Wheeling Charges' in the statement of profit and loss.

b) At March31, 2017, the Company has committed for non-disposal of its investment in subsidiary AD Hydro Power Limited to its lenders (similar commitment was there in the previous year also).

(iii) Financial guarantee

The Company has provided Corporate/Default Guarantee to FIs/Banks for the loans extended by them to AD Hydro Power Limited (subsidiary company).

(Amount in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
a) The amount of outstanding loans covered by such guarantees	69,226.54	72,595.14
b) Under the terms of the said guarantee the maximum amount for which the company may be contingently liable during the next 12 months	4,811.65	4,567.15

33. Related party transactions

(a) Names of related parties where control exists and with whom transactions have taken place during the year

Nature of Relationship	Name of related party
Holding Company	Bhilwara Energy Limited
Subsidiary Company	AD Hydro Power Limited
Enterprise having significant influence over the company	Statkraft Holding Singapore PTE Limited (Formerly SN Power Holding Singapore Pte Ltd. Singapore)
Fellow Subsidiary Companies	Indo Canadian Consultancy Services Limited
Key Management Personnel	Mr. Ravi Jhunjhunwala, Chairman & Managing Director
Relatives of key management personnel	Mrs. Rita Jhunjhunwala(wife of the Chairman & Managing Director) Mr. RijuJhunjhunwala (son of the Chairman& Managing Director) Mr. RishabhJhunjhunwala(son of the Chairman & Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	HEG Limited, RSWM Limited
Trust under common control	Malana Power company Limited Employees Gratuity Trust Malana Power company Limited Sr. Executive Company Superannuation Scheme Trust

Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

CEO and CFO	Mr. O.P.Ajmera
Company Secretary	Mr. Arvind Gupta

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Transaction with related parties												
Nature of Transaction	Holding Company/ Enterprises having significant influence over the Company		Subsidiary/Fellow subsidiary Company		Key Management Personnel *		Relative of Key Management Personnel		Enterprise over which key management personnel /relative having significant influence		Trust under common control	
	March 31, 2017	March 31,2016	**March 31, 2017**	March 31,2016	**March 31, 2017**	March 31,2016	**March 31, 2017**	March 31,2016	**March 31, 2017**	March 31,2016	**March 31, 2017**	March 31,2016
Transactions during the year												
Rent												
a)Mrs.RitaJhunjhunwala	-	-	-	-	-	-	**17.77**	18.15	-	-	-	-
b)Mr.RishabhJhunjhunwala	-	-	-	-	-	-	**17.24**	17.61	-	-	-	-
c)Mr.RijuJhunjhunwala	-	-	-	-	-	-	**17.24**	17.61	-	-	-	-
d)RSWM Limited	-	-	-	-	-	-		-	**21.17**	35.8	-	-
Consultancy service charges paid to Indo Canadian Consultancy Services Limited	-	-	-	**15.83**	-	-	-	-	-	-	-	-
Remuneration paid to Mr. Ravi Jhunjhunwala,	-	-	-	-	**220.66**	136.14	-	-	-	-	-	-
Remuneration paid to Mr. O.P.Ajmera	-	-	-	-	**156.00**	141.64	-	-	-	-	-	-
Remuneration paid to Mr. Arvind Gupta	-	-	-	-	**13.26**	12.13	-	-	-	-	-	-
Reimbursement of expenses paid to HEG Limited	-	-	-	-	-	-	-	-	**0.15**	5.76	-	-

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Reimbursement of expenses paid to RSWM Limited	-	-	-	-	-	-	-	-	**14.80**	18.67	-	-
Reimbursement of expenses paid to Bhilwara Energy Limited	**0.23**	4.1	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses recovered from Bhilwara Energy Limited	**51.98**	47.1	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses paid to Indo Canadian Consultancy Services Limited	-	-	-	0.02	-	-	-	-	-	-	-	-
Business Support given by Bhilwara Energy Limited for execution of AD Hydro HEP	-	2,123.98	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses paid to AD Hydro Power Limited	-	-	**3.71**	1.78	-	-	-	-	-	-	-	-
Reimbursement of expenses recovered from AD Hydro Power Limited	-	-	**0.13**	0.26	-	-	-	-	-	-	-	-
Interest on unsecured loan given to AD Hydro Power Limited	-	-	**5,101.80**	5,101.80	-	-	-	-	-	-	-	-

Additon in contribution Malana Power Company Limited Emloyee Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	**20.63**	17.61
Claims from Malana Power Company Limited Emloyee Group Gratuity Trust	-	-	-	-	-	-	-	-	-	--	**6.38**	5.40
Additon in contribution Malana Power Company Limited Senior ExecutiveGroup SuperannuationTrust	-	-	-	-	-	-	-	-	-	-	**5.84**	3.92
Claim from contribution Malana Power Company Limited Senior Executive Group Superannuation Trust	-	-	-	-	-	-	-	-	-	-	**7.63**	20.96

Balance outstanding at the end																		
Nature of Transaction	Holding Company/ Enterprises having significant influence over the Company			Subsidiary/Fellow subsidiary Company			Key Management Personnel *			Relative of Key Management Personnel			Enterprise over which key management personnel /relative having significant influence			Company under common control		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Balances Receivable :																		
Receivable from Bhilwara Energy Limited	-	1.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Statkraft Markets Private Limited	**0.15**	0.39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in AD Hydro Power Limited	-	-	-	**49,295.56**	49,295.56	49,295.56	-	-		-	-		-	-	-	-	-	-
Unsecured Loan recoverable from AD Hydro Power Limited	-	-		**46,380.00**	46,380.00	46,380.00	-	-		-	-		-	-	-	-	-	-
Interest amount recoverable on Unsecured Loan	-	-		**16144.37**	11,552.75	7461.13	-	-		-	-		-	-	-	-	-	-

Balances Payable:																		
Payable to HEG Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	5.76	-	-	-	-
Payable to RSWM Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	10.22	-	-	-	-
Payable to Mr. Ravi Jhunjhunwala	-	-	-	-	-	-	**79.10**	-	-	-	-	-	-	-	-	-	-	-
Guarantees given by the Company on behalf of AD Hydro Power Limited	-	-	-	**4,156.73 ****	4,567.15**	8,000.00 **	-	-	-	-	-	-	-	-	-	-	-	-

* Remuneration paid does not include provision made for compensated absences and gratuity as the same are determined for the Company as a whole.

**The Company has also given default corporate guarantee for loan availed by AD Hydro Power Limited, subsidiary company, from IL&FS Infrastructure Debt Fund (IDF) in respect of debentures (refer note- 32(iii))

Commitments

At March 31, 2017, the Company has committed for non-disposal of its investment in subsidiary AD Hydro Power Limited to its lenders (similar commitment was there in the previous year also).

Key management personnel

(Rs. In lakhs)

Particulars	March 31, 2017				March 31, 2016			
	CMD	CEO & CFO	C.S.	Total	CMD	CEO & CFO	C.S.	Total
	Mr.RaviJhunjhunwala	Mr. O P Ajmera	Mr. Arvind Gupta		Mr.RaviJhunjhunwala	Mr. O P Ajmera	Mr. Arvind Gupta	
Short Term Benefit	**220.66**	**156.00**	**13.43**	**390.09**	**136.52**	**141.87**	**12.13**	**290.52**
Post Employment								
Defined Contribution Plan	-	1.75	0.02	1.77	-	1.23	0.02	1.25
Defined Benefit Plan	-	-	-	-	-	-	-	-
Others long Terms Benefit	-	-	-	-	-	-	-	-
	220.66	**157.75**	**13.45**	**392.46**	**136.52**	**143.10**	**12.15**	**291.77**

34. Leases

In case of assets taken on Operating Lease:
Office premises and vehicles are obtained on cancellable operating leases. All these leases have a lease term varying between 3 to 5 years. There are no restrictions imposed by lease arrangements. There are no subleases.

(Rs. In lakhs)

Particulars	March 31, 2017	March 31, 2016
Lease payments for the period	21.17	35.80

35. Employee benefit expenses

	March 31, 2017(Rs.Inlakhs)			March 31, 2016(Rs. In lakhs))		
	Current	Non-current	Total	Current	Non-current	Total
Leave obligation	2.27	79.00	**81.27**	1.54	68.20	**69.74**
Gratuity	5.15	198.65	**203.80**	3.80	164.86	**168.65**

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(i) **Table showingChange in Benefit Obligation**

Particulars	Gratuity (Rs. In lakhs)		Earned Leave (Rs.In lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Present value of obligation as at the beginning of the period	168.65	147.28	69.74	77.97
Interest Cost	13.49	11.41	5.58	6.04
Current Service Cost	11.17	9.83	6.03	5.60
Benefits Paid	(6.38)	(5.40)	-	-
Actuarial (Gain)/Loss on obligation	16.87	5.52	(0.07)	(19.87)
Present value of obligation as at the End of the period	203.80	168.65	81.27	69.74

(ii) **The amounts recognized in the income statement**

Particulars	Gratuity (Rs. In lakhs)		Earned Leave (Rs.In lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Service Cost	11.17	9.83	6.03	5.60
Net Interest Cost	1.41	1.94	5.58	6.04
Expense recognized in the Income Statement	12.58	11.77	11.61	11.64

(iii) **Re-measurement Gain / (Loss) in Other Comprehensive Income (OCI)**

Particulars	Gratuity (Rs. In lakhs)		Earned Leave (Rs.In lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Net cumulative unrecognized actuarial gain/(loss) opening	-	-	-	-
Actuarial gain / (loss) for the year on PBO	(16.87)	(5.52)	0.07	19.87
Actuarial gain /(loss) for the year on Asset	6.81	(0.31)	-	-
Unrecognized actuarial gain/(loss) at the end of the year	(10.06)	(5.84)	0.07	19.87

(iv) **Change in plan assets**

Particulars	Gratuity (Rs. In lakhs)	
	March 31, 2017	March 31, 2016
Fair value of plan assets at the beginning of the period	151.05	122.24
Actual return on plan assets	18.91	9.16
Employer contribution	17.61	25.04
Benefits paid	(6.38)	(5.40)
Fair value of plan assets at the end of the period	181.18	151.05

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(v) Major categories of plan assets (as percentage of total plan assets)

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Government of India Securities	--	--
State Government securities	--	--
High Quality Corporate Bonds	--	--
Equity Shares of listed companies	--	--
Property	--	--
Funds Managed by Insurer	100 %	100 %
Bank Balance	--	--
Total	100 %	100 %

(vi) Actuarial Assumptions

Particulars	Gratuity		Earned Leave	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
i) Discounting Rate	7.35	8.00	7.35	8.00
ii) Future salary Increase	5.50	6.00	5.50	6.00

Particulars	Gratuity		Earned Leave	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
i) Retirement Age (Years)	60	60	60	60
ii) Mortality rates inclusive of provision for disability	100 % of IALM (2006 - 08)		100 % of IALM (2006 - 08)	
iii) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3.00	3.00	3.00	3.00
From 31 to 44 years	2.00	2.00	2.00	2.00
Above 44 years	1.00	1.00	1.00	1.00

(vii) Sensitivity Analysis of the defined benefit obligation

(Rs. In lakhs)

	Gratuity	Earned Leave
a) Impact of the change in discount rate		
Present Value of Obligation at the end of the period	203.80	81.27
Impact due to increase of 0.50 %	(7.94)	(3.91)
Impact due to decrease of 0.50 %	8.50	4.23
b) Impact of the change in salary increase		
Present Value of Obligation at the end of the period	203.80	81.27
Impact due to increase of 0.50 %	8.61	4.28
Impact due to decrease of 0.50 %	(8.12)	(3.99)

Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

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(viii) Maturity Profile of defined benefit obligation

Year	Gratuity (Rs.In lakhs)	Earned Leave (Rs.In lakhs)
April 2017- March 2018	5.15	2.27
April 2018- March 2019	3.53	1.69
April 2019- March 2020	4.37	23.20
April 2020- March 2021	3.45	2.64
April 2021- March 2022	84.54	6.46
April 2022- March 2023	20.73	1.23
April 2023 onwards	82.03	43.79

36. In respect of 200 MW Bara Banghal project in state of HP for which the Company had bid and paid an upfront premium of Rs.6,120 lacs, the Company has decided to shelve off the same as the State Hydro Power Policy is not aligned with MOEF Policy of GOI which prohibits the implementation of a hydro power project in wild life /eco sensitive zone areas. In view of this, the Company has filed a full amount refund claim along with interest. The provision of 50% of Rs.3,060 lacs recorded in the earlier years shall be written back at the time of acceptance of refund.

37. The Company has filed a Petition with CERC on 06.11.2014 for recovery of excess UI and handling charges, claiming that they have been wrongly charged by HPSEBL. Company has estimated an amount of recovery of Rs.863.90lacs approximately towards excess UI and Rs.517.6 lacs towards handling charges. The company has received favorable order for refund of handling charges and same will be accounted for on receiptof amount. The matter related to UI is under adjudication and the same would be accounted for after the issue of the final order.

38. The Company did not recognise the Minimum Alternate Tax (MAT) credit entitlement of Rs.6,564.38 Lakhs, pertaining to assessment years from 2008-09 to 2015-16, on account of it being in tax holiday period during those years. Out of Rs.6,564.38 Lakhs, the Company has availed Rs.1,133.20 Lakhs against the current year tax liability and has recognised the same in the statement of profit and loss account for this year.

39. Financial risk management and objective policies

The company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits. The company is exposed to interest rate risk on variable rate long term borrowings.

The sensitivity analysis in the following sections relateto the position as at March 31, 2017 and March 31, 2016.

I. 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.

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i. **Interest Risk Exposure**

The exposure of the company's borrowings to interest rate changes at the end of the reporting period are as follows:

(Rs.In lakhs)

Particulars	March 31, 2017	March 31, 2016
Variable rate borrowings	4,790.24	19,357.92
Fixed rate borrowings	14,174.92	Nil
Total	**18,965.16**	**19,357.92**

An analysis by maturities is provided in Note no- 39 (c)

ii. **Sensitivity**

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

The table below summarises the impact of increase and decrease of profit after tax on change in interest rate on floating rate debt. The analysis is based on the assumption that interest rate changes by 24 basis points with all other variable held constant. The fluctuation in interest rate has been arrived at on the basis of average interest rate volatility observed in the outstanding loans as on March 31, 2017 and March 31, 2016.

(Rs.In lakhs)

Particulars	March 31, 2017	March 31, 2016
Effect on Profit if Interest Rate - decrease by 23 basis points	7.05	34.51
Effect on Profit if Interest Rate - increases by 23 basis points	(7.05)	(34.51)

II. **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company is not exposed to any foreign currency risk as there is no material transactions in foreign currency. Hence, no further disclosure is required under this section.

III. **Price risk**

The company is not exposed to any price risk as there is no investment in equities outside the Company and the company doesn't deal in commodities.

b) **Credit risk**

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, unsecured loan to subsidiary company and other financial instruments.

To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period.

Financial assets are written off when there is no reasonable expectation of recovery.

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I. Expected credit loss for financial assets

(Rs.In lakhs)

Financial assets to which loss allowance is measured using 12 months Expected credit loss(ECL)	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision
Long term loans and advances to Subsidiary Company	46,380.00	-	46,380.00	46,380.00	-	46,380.00	46,380.00	-	46,380.00
Loan to Employees	28.75	-	28.75	8.69	-	8.69	6.02	-	6.02
Surrender value of key-man insurance policy	21.01	-	21.01	21.01	-	21.01	21.01	-	21.01
Advance for Bara Banghal project	3,060.00	-	3,060.00	3060.00	-	3060.00	3060.00	-	3060.00
Interest accrued on loan given to subsidiary company	16,144.37	-	16,144.37	11,552.75	-	11,552.75	7,461.13	-	7,461.13
Advances recoverable in cash and kind	-	-	-	5.40	-	5.40	0.03	-	0.03

Financial assets to which loss allowance is measured using lifetime Expected Credit Loss (ECL) as on March 31, 2017

(Rs.In lakhs)

	Not Due	Less than 60 days	60 to 120 days	120 to 180 days	180 to 365 days	More than 365 days	Total
Trade Receivables- Gross Carrying amount	87.68	14.84	19.19	58.22	41.00	175.43	**396.36**
Expected Loss Rate	-	-	-	-	-	-	-
Expected Credit Losses	-	-	-	-	-	-	-
Carrying amount of Trade receivables	87.68	14.84	19.19	58.22	41.00	175.43	**396.36**

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Financial assets to which loss allowance is measured using lifetime Expected Credit Loss(ECL) as on March 31, 2016

(Rs.In lakhs)

	Not Due	Less than 60 days	60 to 120 days	120 to 180 days	180 to 365 days	More than 365 days	Total
Trade Receivables-Gross Carrying amount	107.06	131.04	-	-	-	227.93	**466.03**
Expected Loss Rate	-	-	-	-	-	-	-
Expected Credit Losses	-	-	-	-	-	-	-
Carrying amount of Trade receivables	107.06	131.04	-	-	-	227.93	**466.03**

Financial assets to which loss allowance is measured using lifetime Expected Credit Loss(ECL) as on April 1, 2015

(Rs.In lakhs)

	Not Due	Less than 60 days	60 to 120 days	120 to 180 days	180 to 365 days	More than 365 days	Total
Trade Receivables-Gross Carrying amount	73.82	-	-	-	-	-	**73.82**
Expected Loss Rate	-	-	-	-	-	-	-
Expected Credit Losses	-	-	-	-	-	-	-
Carrying amount of Trade receivables	73.82	-	-	-	-	-	**73.82**

The company is in the power generation sector. The company on the basis of its past experience and industry practice is confident on realizing all of its dues from its customers which are state government run power utility majors. Hence company has not provided for any discounting on time value of money.

c) **Liquidity risk**

Liquidity risk is defined as the risk that company will not be able to settle or meet its obligation on time or at a reasonable price. The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling, forecast on the basis of expected cash flows. To maintain liquidity the company has maintained loan covenants as per the terms decided by the lenders.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date basedon contractual undiscounted payments:

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(Rs.In lakhs)

As at March 31, 2017	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	108.64	108.64	217.28	869.11	17661.50	**18,965.16**
Trade payables	364.18	-	0.70	344.11	0.91	**709.90**
Sundry Deposit	0.41	3.26	0.35	4.70	0.50	**9.22**
Interest accrued but not due on loan from financial institution	4.90	-	-	-	-	**4.90**

As at March 31, 2016	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	109.20	109.20	218.40	873.60	18189.60	**19,500**
Trade payables	409.81	-	-	2.49	5.00	**417.30**
Sundry Deposit	20.77	0.18	3.34	4.15	0.74	**29.17**

As at April 01,2015	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	540.00	1620.00	540.00	5400.00	13500.00	**21,600.00**
Trade payables	125.50	4.30	-	57.24	-	**187.04**
Sundry Deposit	13.34	0.21	6.85	7.30	-	**27.70**

40. Capital management

a) Risk management

The Company's objective when managing capital are to:

(i) 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
(ii) 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, issue new shares or sell assets to reduce debt.

Company makes continuous efforts to optimise its cost of capital as during 2015-16 and 2016-17 company makes arrangements with its lenders to re-structure its borrowings which reduce the cost of capital of borrowing for the company.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net Debt (total borrowings net of cash and cash equivalents)
Divided by
Total equity (as shown in balance sheet, including non- controlling interest)

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The gearing ratios were as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Net Debt	16,979.52	19,307.27	20,529.00
Total equity	107,284.60	100,810.88	95,629.78
Net Debt to Equity Ratio	0.16	0.19	0.21

Loan covenants

Under the terms of the major borrowing facility the company is required to comply with the following financial covenants:

(i) The Fixed Asset Coverage Ratio (FACR) must be atleast 1.2 times in any year.
(ii) Debt Service Coverage ratio (DSCR) shall not be less than 1.2 in any year.
(iii) Total Debt to Tangible Net worth must be less than 0.5 in any year.
(iv) Total Debt to EBITDA must be less than 8 in any year.

The Company has complied with these covenants throughout the reporting period and there has been no breaches in the financial covenants of any interest bearing loans and borrowings in the current period.

41. Financial instruments- accounting classification and fair value measurement

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	FVPL	**FVOCI**	**AmortizedCost**	**FVPL**	**FVOCI**	**Amortized Cost**	**FVPL**	**FVOCI**	**Amortized Cost**
Financial assets									
Loans	-	-	46,438.80		-	46,418.78	-	-	46,422.65
Others	-	-	19,231.63	-	-	14,642.65	-	-	10,543.52
Trade Receivables	-	-	396.36	-	-	466.03	-	-	73.82
Cash and Cash Equivalents	-	-	1985.64	-	-	50.65	-	-	1,071.00
Bank Balances	-	-	32.18	-	-	32.18	-	-	32.18
Total Financial Assets	-	-	**68,084.61**	-	-	**61,610.29**	-	-	**58,143.17**
Financial Liabilities									
Borrowings	-	-	18,965.16	-	-	19357.92	-	-	21,600.00
Trade Payables	-	-	709.90	-	-	417.30	-	-	187.04
Other Financial Liabilities	-	-	14.12	-	-	29.17	-	-	27.70
Total Financial Liabilities	-	-	**19,689.18**	-	-	**19,804.39**	-	-	**21,814.74**

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I. Fair value hierarchy

Particulars	Carrying amount	Fair value		
	As at March 31, 2017	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Borrowings	18,965.16	-	18,965.16	-
Others	724.02		724.02	
Total	**19,689.18**	-	**19,689.18**	-
Financial assets at amortised cost:				
Loans	**46,438.80**	-	**46,438.80**	-
Others	**21,645.81**	-	**21,645.81**	-
Total	**68,084.61**	-	**68,084.61**	-

Particulars	Carrying amount	Fair value		
	As at March 31, 2016	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Borrowings	19,357.92	-	19,357.92	-
Others	446.47		446.47	
Total	**19,804.39**	-	**19,804.39**	-
Financial assets at amortised cost:				
Loans	**46,418.78**		**46,418.78**	
Others	**15,191.51**		**15,191.51**	
Total	**61,610.29**		**61,610.29**	

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Particulars	Carrying amount	Fair value		
	As at 01-04-2015	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Borrowings	21,600.00	-	21,600.00	-
Others	214.75		214.75	
Total	21,814.75	-	21,814.75	-
Financial assets at amortised cost:				
Loans	46,422.65		46,422.65	
Others	11,720.52		11,720.52	
Total	58,143.17		58,143.17	

II. Assumptions and valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair values

i. Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

ii. Long-term variable-rate borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings approximates their carrying values.

42. First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

(a) Exemptions availed

Ind AS 101 allows first - time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has applied the following exemptions:

i. Carrying value as deemed cost in Property, plant and equipment

The company has elected to apply previous GAAP carrying amount of its plant, property and equipment as deemed cost at the date of transition to Ind AS.

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ii. **Investments in subsidiary**
The company has elected to apply previous GAAP carrying amount of its equity investment in subsidiary as deemed cost as on the date of transition to Ind AS.

43. Disclosure of Specified Bank Notes (SBN)

In accordance with Minister of Corporate Affair notification dated March 30, 2017, the details of Specified Bank Notes(SBN) held and transacted during the period from November 8,2016 to December 30. 2016 is as follow:

(Rs. In lakh)

Particulars	SBN	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	8.36	0.41	8.77
(+) Permitted receipts	-	7.54	7.54
(-) Permitted payments	-	5.45	5.45
(-) Amount deposited in Banks	8.36	-	8.36
Closing cash in hand as on 30.12.2016	-	2.50	2.50

As per our report of even date

For S.R. Batliboi& Co. LLP
ICAI Firm Registration No: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No.:086370

Place: Noida
Date : May 04, 2017

For and on behalf of the Board of Directors of
Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:- 06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:- F7690

Place: Noida
Date: May 04, 2017

Malana Power Company Limited

44(a) Reconciliation of Balance Sheet as at April 1, 2015, Date of Transition to IND AS

Particulars	As at April 1, 2015	Ind AS adjustment	As at April 1, 2015
ASSETS			
(1) **Non - current assets**			
(a) Property, plant and equipment	12,970.02	-	12,970.02
(b) Other intangible assets	0.96	-	0.96
(c) Financial assets		-	-
(i) Investments	49,295.56	-	49,295.56
(ii) Loans	49,618.87	(3,202.24)	46,416.63
(v) Others	-	10,542.19	10,542.19
(d) Other non - current assets	7,482.14	(7,339.95)	142.19
	119,367.55	-	**119,367.55**
(2) **Current assets**			
(a) Inventories	248.34	-	248.34
(b) Financial assets		-	
(i) Trade receivables	73.82	-	73.82
(ii) Cash and cash equivalents	1,103.18	(32.18)	1,071.00
(iii) Bank Balances	-	32.18	32.18
(iv) Loans	70.82	(64.80)	6.02
(v) Others	-	1.33	1.33
(c) Other current assets	1.30	63.47	64.77
	1,497.46	-	**1,497.46**
Total assets	**120,865.01**	-	**120,865.01**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14,752.57	-	14,752.57
(b) Other equity			
Securities Premium	32,545.67		32,545.67
Retained Earnings	48,331.55		48,331.55
	95,629.79	-	**95,629.79**
LIABILITIES			
(1) **Non - current liabilities**			
(a) Financial liabilities			
(i) Borrowings	18,900.00	-	18,900.00
(b) Provisions	71.77	-	71.77
(c) Deferred tax liabilities (net)	3,132.78	-	3,132.78
	22,104.55	-	**22,104.55**
(2) **Current liabilities**			
(a) Financial liabilities			
(i) Trade payables	187.04	-	187.04
(ii) Other financial liabilities	-	2,727.70	2,727.70
(b) Other current liabilities	2,775.56	(2,727.70)	47.86
(c) Provisions	168.07	(136.83)	31.24
(d) Current tax liability	-	136.83	136.83
	3,130.67	-	**3,130.67**
Total Equity & Liabilities	**120,865.01**	-	**120,865.01**

As per our report of even date

For S. R. Batliboi & Co. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

per Atul Seksaria

Partner

Membership No. : 086370

Place : NOIDA

Date : 04th May, 2017

S.R. BATLIBOI & CO. LLP GURGAON

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA

Date : 04th May, 2017

MALANA POWER COMPANY LTD.

Malana Power Company Limited
44 (b) Balance Sheet as at March 31, 2016

(Amount in lakhs)

	Particulars	As at March 31, 2016	Ind AS adjustment	As at March 31, 2016
	ASSETS			
(1)	**Non - current assets**			
	(a) Property, plant and equipment	12,574.05	-	12,574.05
	(b) Other intangible assets	0.96	-	0.96
	(c) Financial assets			-
	(i) Investments	49,295.56	-	49,295.56
	(ii) Loans	49,944.99	(3,534.90)	46,410.09
	(v) Others	-	14,633.76	14,633.76
	(d) Other non - current assets	11,573.76	(11,098.86)	474.90
		123,389.32	-	123,389.32
(2)	**Current assets**			
	(a) Inventories	217.05	-	217.05
	(b) Financial assets		-	
	(i) Trade receivables	466.03	-	466.03
	(ii) Cash and cash equivalents	82.83	(32.18)	50.65
	(iv) Bank Balances	-	32.18	32.18
	(iii) Loans	118.52	(109.83)	8.69
	(v) Others	-	8.88	8.88
	(c) Other current assets	3.49	100.95	104.44
		887.92	-	**887.92**
	Total assets	**124,277.24**	-	**124,277.24**
	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity share capital	14,752.57	-	14,752.57
	(b) Other equity			
	Securities Premium	32,545.67	-	32,545.67
	Retained Earnings	53,419.73	92.91	53,512.64
		100,717.97	**92.91**	**100,810.88**
	LIABILITIES			
(1)	**Non - current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	19,063.20	(142.08)	18,921.12
	(c) Provisions	68.20	-	68.20
	(d) Deferred tax liabilities (net)	3,402.10	49.17	3,451.27
		22,533.50	**(92.91)**	**22,440.59**
(2)	**Current liabilities**			
	(a) Financial liabilities			
	(i) Trade payables	417.30	-	417.30
	(ii) Other financial liabilities	-	465.97	465.97
	(b) Other current liabilities	511.70	(465.97)	45.73
	(d) Provisions	96.77	(77.62)	19.15
	(d) Current tax liability (net)	-	77.62	77.62
		1,025.77	-	**1,025.77**
	Total Equity & Liabilities	**124,277.24**	**0.00**	**124,277.24**

As per our report of even date

For S. R. Batliboi & Co. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

per Atul Seksaria
Partner
Membership No. :

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 04th May 2017

S.R. BATLIBOI & CO LLP GURGAON

MALANA POWER COMPANY LTD.

Malana Power Company Limited
44(c) Statement of Profit And Loss for the year ended March 31, 2016

(Amount in lakhs)

	Particulars	Year ended March 31, 2016	Ind AS Adjustments	Year ended March 31, 2016
I	Revenue from operations	8,149.17	-	8,149.17
II	Other income	5,727.82	-	5,727.82
III	**Total income (I + II)**	**13,876.99**	**-**	**13,876.99**
IV	**Expenses**			
	Wheeling Cost	272.10	-	272.10
	Open access charges	514.06	-	514.06
	Employee benefits expenses	869.59	14.04	883.63
	Finance costs	2,458.47	(142.08)	2,316.39
	Depreciation and amortization expenses	423.05	-	423.05
	Other expenses	827.60	-	827.60
	Total expenses	**5,364.87**	**(128.04)**	**5,236.83**
V	**Profit / (loss) before exceptional items and tax (I - IV)**	**8,512.12**	**128.04**	**8,640.16**
VI	Exceptional items	2,124.00	-	2,124.00
VII	**Profit / (loss) before tax (V - VI)**	**6,388.12**	**128.04**	**6,516.16**
VIII	(1) Current tax	1,363.33	-	1,363.33
	(2) Deferred tax	269.32	49.17	318.49
	(3) MAT Credit Entitlement	(332.71)	-	(332.71)
	Income tax expense	**1,299.94**	**49.17**	**1,349.11**
IX	**Profit / (loss) for the year**	**5,088.18**	**78.87**	**5,167.05**
X	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss	-	14.04	14.04
	(ii) Income tax relating to items that will not be reclassfied to profit or loss	-	-	-
	B (i) Items that will be reclassified to profit or loss	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
	Other comprehensive income for the year	**-**	**14.04**	**14.04**
XI	**Total comprehensive income for the year, net of tax**	**5,088.18**	**92.91**	**5,181.09**

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

S.R. BATLIBOI & CO. LLP * GURGAON

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 04th May, 2017

MALANA POWER COMPANY LTD. *

Malana Power Company Limited
Notes To The Financial Statements For The Year Ended March 31, 2017
44 (d) PROFIT RECONCILIATION

Figures in lakhs

	March 31, 2016
Profit as IGAAP	5088.18
Adjustment on account of discounting of interest recceivable from subsidiary	0
Adjustment on account of upfront fee amortisation on loans from banks and financial institutions	142.08
Adjustment on account of deferred tax	-49.17
Adjustment on account of actuarial gain/loss	-14.04
Profit as Ind AS	5,167.05

OTHER EQUITY RECONCILIATION

	April 01, 2015	March 31, 2016
Reserves Balance	80877.22	85965.40
Ind AS adjustments:		
Adjustment on account of discounting of interest recceivable from subsidiary		0.00
Adjustment on account of upfront fee amortisation on loans from banks and financial institutions		142.08
Adjustment on account of deferred tax		-49.17
Reserves closing balance	80877.22	86058.31

44 (e) Footnotes

A. Other Financial assets
Under Indian GAAP, there was no such concept of financial assets or liabilities. Under Ind AS, financial assets and financial liabilities has been classified as per Ind AS 109 read with Ind AS 32.

B. Defined benefit obligation
Both under Indian GAAP and Ind AS, the company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.Thus the employee benefit cost is reduced by Rs. 14.03 lakhs and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

C. Interest bearing loans and borrowings
Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

D. Deferred Tax
Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.
In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings.

E. Other comprehensive income
Under Indian GAAP, the company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS.

Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

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

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

S.R. BATLIBOI & CO. LLP GURGAON

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 04th May, 2017

MALANA POWER COMPANY LTD.

MALANA POWER COMPANY LIMITED

CIN No. : U40101HP1997PLC019959

Consolidated Financial Statement

2016 - 17

31st, March 2017

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S.R. BATLIBOI & CO. LLP
Chartered Accountants

Golf View Corporate Tower - B
Sector-42, Sector Road
Gurgaon -122 002, Haryana, India

Tel : +91 124 464 4000
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INDEPENDENT AUDITOR'S REPORT

To the Members of Malana Power Company Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Malana Power Company Limited (hereinafter referred to as "the Holding Company"), its one subsidiary (the Holding Company and its one subsidiary together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 the Companies (Indian Accounting Standard) Rules, 2015, as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

S.R. BATLIBOI & CO. LLP GURGAON

well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2017, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the Board of Directors of its one subsidiary company incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its one subsidiary company, incorporated in India, refer to our separate report in "Annexure 1" to this report;

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

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, – Refer Note 33, 34, 38, 39 and 42 to the consolidated Ind AS financial statements;

   ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017.

S.R. BATLIBOI & CO. LLP GURGAON

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its one subsidiary incorporated in India during the year ended March 31, 2017.

iv. The Holding Company, its one subsidiary company incorporated in India, have provided requisite disclosures in Note 49 to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Atul Seksaria
Partner
Membership Number: 086370
Place: NOIDA
Date: 4th MAY, 2017

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MALANA POWER COMPANY LIMTED

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

To the Members of Malana Power Company Limited

In conjunction with our audit of the consolidated financial statements of Malana Power Company Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Malana Power Company Limited (hereinafter referred to as the "Holding Company") and its one subsidiary company, , which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its one subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

Auditor's Responsibility

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

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

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

S.R. BATLIBOI & CO. LLP
GURGAON

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its one subsidiary company, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on [the internal control over financial reporting criteria established by the Holding 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.

Explanatory Paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2017, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 4, 2017 expressed an unqualified opinion thereon.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S.R. BATLIBOI & CO. LLP * GURGAON *

per Atul Seksaria
Partner
Membership Number: 086370
Place: NOIDA
Date: 4th May 2017

Malana Power Company Limited
Consolidated Balance Sheet as at March 31 2017

(Rupees in lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
1 (a) Property, plant and equipment	3	161,202.22	167,664.32	174,168.28
(b) Capital work in progress	3	63.71	-	-
(c) Intangible Assets	4	0.96	0.96	0.96
(d) Financial assets				
(i) Loans	5	58.22	56.67	69.64
(ii) Others	6	3,083.41	3,083.01	3,083.06
(e) Other non-current assets	7	1,413.22	1,158.47	313.29
		165,821.74	171,963.43	177,635.23
2 **Current assets**				
(a) Inventories	8	1,014.02	1,157.05	1,170.51
(b) Financial assets				
(i) Trade receivables	9	3,956.47	2,696.36	6,449.01
(ii) Cash and cash equivalents	10	13,818.54	2,745.90	1,904.27
(iii) Bank balances other than (ii) above	11	4,531.03	7,058.97	900.44
(iv) Loans	5	28.75	18.87	15.34
(v) Other	6	72.49	105.70	71.52
(c) Other current assets	7	251.37	306.23	311.59
		23,672.67	14,089.08	10,822.68
Asset held for sale	12	1,004.49	1,146.36	1,146.36
Total assets		190,498.90	187,198.87	189,604.27
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	13	14,752.57	14,752.57	14,752.57
(b) Other equity	14			
Share premium		32,545.67	32,545.67	32,545.67
Retained earnings		44,874.01	38,176.90	29,766.79
Equity attributable to Equity shareholders		92,172.25	85,475.14	77,065.03
Non-controlling interest		4,658.94	4,628.48	4,188.16
Total Equity		96,831.19	90,103.62	81,253.19
LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	82,644.66	86,451.50	89,997.59
(b) Provisions	16	200.27	180.32	186.31
(c) Deferred tax liabilities (net)	17	3,160.02	3,451.27	3,132.78
		86,004.95	90,083.09	93,316.68
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	18	1,731.04	1,170.15	2,026.38
(ii) Other financial liabilities	19	5,728.69	5,584.91	12,569.22
(b) Other current liabilities	20	135.56	125.55	231.57
(c) Provisions	16	55.23	53.93	70.40
(d) Current tax liability (net)	21	12.24	77.62	136.83
		7,662.76	7,012.16	15,034.40
Total equity and liabilities		190,498.90	187,198.87	189,604.27

Summary of significant accounting policies 2.3
The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO
Place : NOIDA
Date : 04th May 2017

Arvind Gupta
Company Secretary
M.No.:-F7690

Malana Power Company Limited
Consolidated Statement of Profit & Loss for the year ended March 31 2017

(Rupees in lakhs)

Particulars	Note No.	March 31, 2017	March 31, 2016
Revenue from operations	22	28,180.73	30,253.29
Other Income	23	5,250.65	7,337.01
Total Income		**33,431.38**	**37,590.30**
Expenses			
Wheeling Cost		279.03	272.10
Bulk power transmission charges		1,819.85	1,368.85
Open access charges		1,743.69	1,606.74
Employee benefits expense	24	2,232.25	2,148.75
Finance costs	25	9,834.16	10,452.74
Depreciation and amortisation expense	26	6,439.25	6,552.64
Other expenses	27	2,958.14	2,878.60
Total expenses		**25,306.37**	**25,280.42**
Profit / (Loss) before exceptional items and tax		8,125.01	12,309.88
Exceptional items	28	-	2,124.00
Profit / (Loss) before tax		**8,125.01**	**10,185.88**
Current tax /(Minimum Alternate Tax)	29	53.87	1,513.86
Current Tax	29	2,813.33	-
Less: MAT Credit Entitlement	29	(53.87)	(483.24)
Less: MAT Credit Entitlement of earlier years (Refer note 43)	29	(1,133.20)	-
Deferred tax	29	(291.25)	318.49
Income tax expense		**1,388.88**	**1,349.11**
Profit / (loss) for the year		**6,736.13**	**8,836.77**
Other comprehensive income			
A (i) Items that will not to be reclassified to profit or loss: -Re-measurement gains/ (losses) on defined benefit plans		-8.56	13.62
(ii) Income tax relating to items that will not be reclassfied to profit or loss			
B (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
Other comprehensive income for the year		**-8.56**	**13.62**
Total comprehensive income for the year, net of tax		**6,727.57**	**8,850.39**
Total comprehensive income attributable to MPCL		6,697.11	8,410.07
Non-Controlling interest		30.46	440.32
Earnings per equity share			
Basic	30	4.57	5.99
Diluted	30	4.57	5.99

Summary of significant accounting policies 2.3
The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

S.R. BATLIBOI & CO LLP * GURGAON

For and on behalf of the Board of Directors of
Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO
Place : NOIDA
Date : 04th May, 2017

Arvind Gupta
Company Secretary
M.No.:-F7690

MALANA POWER COMPANY LTD. *

Malana Power Company Limited
Consolidated Statement of changes in equity for the year ended March 31, 2017

(a) Equity share Capital

Equity shares of Rs 10 each issued , subscribed and fully paid	No. (in Lakhs)	Amount (in Lakhs)
As at April 1, 2015	1,475.26	14,752.57
Changes in Equity share capital during the year	-	-
As at March 31, 2016	1,475.26	14,752.57
Changes in Equity share capital during the year	-	-
As at March 31, 2017	**1,475.26**	**14,752.57**

(b) Other Equity

Particulars	Reserves and Surplus		Total	Non-Controlling Interest	Total Equity
	Securities premium account	Retained earnings			
As at April 1, 2015	**32,545.67**	**29,766.79**	**62,312.46**	**4,188.16**	**66,500.63**
Profit during the year	-	8,396.43	8,396.43	440 37	8,836.80
Other comprehensive income					
- Remeasurements of the net defined benefit plans	-	13.68	13 68	-	13 68
	-	-	-	(0 05)	(0 05)
Total comprehensive income as at March 31, 2016	**32,545.67**	**38,176.90**	**70,722.57**	**4,628.48**	**75,351.06**
As at March 31, 2016					
Profit during the year	-	6,705 84	6,705 84	0	6,705 84
Other comprehensive income	-		-	30 29	30 29
Remeasurements of the net defined benefit plans		-8 73	(8.73)	0 17	(0.05)
Total comprehensive income as at March 31, 2017	-	6,697.11	6,697 11	30.46	6,736 08
Restated balance as at 31.03.2017	**32,545.67**	**44,874.01**	**77,419.68**	**4,658.94**	**82,087.14**

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
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Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 04th May, 2017

S.R. BATLIBOI & CO. LLP * GURGAON *

MALANA POWER COMPANY LTD. *

Malana Power Company Limited
Consolidated Statement of Cash Flow for the year ended March 31, 2017

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
A. Cash flow from operating activities		
Profit/(loss) before tax	8,125.01	10,185.88
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	6,439.25	6,552.64
Gain on disposal of property, plant and equipment	(3.86)	(5.45)
Assets held for sale written off	141.89	-
Movement in provision for gratuity and leave encashment	12.68	(8.82)
Finance Cost	9,834.16	10,452.78
Interest Income	(1,183.66)	(647.38)
Working Capital Adjustments:		
(Increase) / Decrease in trade receivables	(1,260.09)	3,752.63
(Increase) / Decrease in financial assets - loans	(9.83)	3.01
(Increase) / Decrease in other financial assets	5.40	(3.68)
(Increase) / Decrease in other current assets	54.84	5.36
(Increase)/Decrease in inventories	143.03	13.46
Increase / (Decrease) in trade payables	560.89	(856.22)
Increase / (Decrease) in other financial liabilities	(37.74)	(101.93)
Increase / (Decrease) in other current liabilities	10.02	(106.01)
	22,831.99	**29,236.27**
Income Tax Paid	(1,714.09)	(1,934.72)
Net cash flow (used) in/ from operating activities	**21,117.90**	**27,301.55**
B. Cach flow from investing activities		
Purchase of property, plant & equipment (including CWIP)	(133.40)	(74.31)
Proceeds from sale of property, plant & equipment	96.40	31.06
Loans & security deposit (given)/repaid	(1.59)	6.43
Bank deposits reedemed/(made)	2,527.54	(6,158.54)
Other non current loans and advances (given)/repaid	(286.18)	(0.31)
Interest received	1,721.66	1,627.10
Net cash flow (used) in/ from Investing Activities	**3,924.43**	**(4,568.57)**
C. Cash flow from financing activites		
Repayments of borrowings	(3,902.42)	(10,597.31)
Interest paid	(10,067.27)	(11,294.04)
Net cash (used) in/ from financing activities	**(13,969.69)**	**(21,891.35)**
Net increase/(decrease) in Cash & Cash equivalent	11,072.64	841.63
Cash & Cash equivalent at the beginning of the year	2,745.90	1,904.27
Cash & Cash equivalent at year end	**13,818.54**	**2,745.90**

As per our report of even date

For S. R. Batliboi & Co. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

S.R. BATLIBOI & CO LLP GURGAON

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
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CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 04th May, 2017

MALANA POWER COMPANY LTD.

1. Corporate information

The consolidated financial statements comprises Malana Power Company Limited (MPCL) (Holding Company) and its one subsidiary i.e.AD Hydro Power Limited(ADHPL) (together referred to as "Group") for the year ended March 31, 2017.

The Group is engaged in the generation of hydro- electric power and development of hydro power projects. The subsidiary company considered in the consolidated financial statements is 'AD Hydro Power Limited' with proportion of 88% ownership as on March 31, 2017.

2. Significant accounting policies

2.1 Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group, with effect from 1st April 2016, has adopted Indian Accounting Standards (the 'Ind AS') notified under the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016. For all periods up to and including the year ended 31st March 2016, the Group had prepared its consolidated financial statements in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (referred to as 'Indian GAAP'). These consolidated financial statements have been prepared under the historical cost basis.

These consolidated financial statements are the Group's first Ind AS financial statements. The Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. Previous period numbers in the financial statements have been restated in accordance with Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in Note 50. The details of the first time adoption exemptions availed by the Group is given in Note 48 (a).

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2017. Control is achieved when the Group is exposed, or has right, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, Liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statement in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e. year ended on March 31. When the end of the reporting period of

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MALANA POWER COMPANY LTD. *

the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Profit or loss each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if the results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Consolidation Procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows to the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combination policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statement. Ind AS 12 Income tax applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

2.3 Summary of significant accounting policies

a) Current versus Non-Current

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

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b) Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Critical accounting estimates and judgments:

The areas involving critical estimates and judgments are:

I. Service Concession Arrangements

Management has assessed applicability of Appendix A of Ind AS 11: Service Concession Arrangements to power distribution arrangements entered into by the Group. In assessing the applicability, management has exercised significant judgment in relation to the underlying ownership of the asset, terms of the power distribution arrangements entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to granted cash, significant residual interest in the infrastructure, etc. Based on detailed evaluation, management has determined that this arrangement does not meet the criterion for recognition as service concession arrangements.

c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of Electricity

Revenue from sale of electricity is recognised on the basis of billable electricity (over and above free supply to Himachal Pradesh's State Government) scheduled to be transmitted to the customers, which approximates the actual electricity transmitted.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the statement of profit and loss.

Voluntary emission rights (VER)

Revenue is recognized as and when the VER's are certified and ultimate collections are made for the same.

Carbon Credit Entitlement / Certified Emission Reductions ("CER')

In process of generation of hydro-electric power, the Group also generates carbon emission reduction units which may be negotiated for price in international market under Clean Development Mechanism (CDM) subject to completing certain formalities and obtaining certificate of Carbon Emission Reduction (CER) as per Kyoto Protocol. Revenue from CER is recognised as and when the CER's are certified and ultimate collections are made for the same.

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Transmission lines

Revenue from transmission income is recognized on accrual basis.

Sale of Scrap

Revenue in respect of sale of scrap is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

d) Inventory Valuation

Inventories comprising of components, stores and spares are valued at lower of cost and net realizable value. Scrap is valued at net realisable value.

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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.

e) Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. It includes other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the costs of the item can be measured reliably. Repairs and maintenance costs are charged to the statement of profit and loss when incurred.An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

Depreciation:

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under Schedule II of the Companies Act 2013, except in case of roads which has been taken as 10 years based on technical evaluation. The Group has used the following useful lives to provide depreciation on its fixed assets.

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AssetsUseful life (Years)	
Buildings other than factory buildings	60
Plant and Machinery used in generation, transmission and distribution of power.	40
Civil Work	40
Factory Buildings	30
Plant and Machinery	15
Electrical Installations	10
Furniture and Fixtures	10
Roads	10
Vehicles	8
Computers and Data processing equipments	3-6
Office equipments	5
Software	3

The depreciation was provided in accordance with the Schedule II to the Companies Act, 2013.

f) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life of 3 to 5 years.

The intangible assets are assessed for impairment whenever there is indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at least at each financial year end.

Gains or losses arising from recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Group is the lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

h) Impairment of Non-Financial Assets

The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

i) **Financial Instruments**

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

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A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Lease receivables under Ind AS 17
d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
e) Loan commitments which are not measured as at FVTPL
f) Financial guarantee contracts which are not measured as at FVTPL

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Loans and borrowings

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

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

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j) Foreign currency translation

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

k) Retirement and other employeebenefits

1. Defined Contribution Plan:

Retirement benefits in the form of provident fund and superannuation scheme are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund/trust.

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2. Defined Benefit Plan:

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

l) Current Income Tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

Deferred Tax
Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of

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timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

m) Non-Current Asset Held for Sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The group treats sale/ distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

o) Cash and cash Equivalents

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Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

p) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

q) 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.

r) Borrowing Cost

Borrowing costs specifically relating to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.

All other borrowing costs are expensed in the period in which they occur.

s) Fair Value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

For the purpose of fair value disclosures, the Group has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

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3 Property, plant & equipment

(Rupees in lakhs)

Particulars	Civil Work	Freehold Building and Roads	Computers	Electric Installations	Freehold Land	Furniture and Fixtures	Office Equipments	Plant & Machinery	Project Equipments	Transmission Line	Vehicles	Capital Work in progress	Total
Gross Block													
As at April 01, 2015	102,080.50	30,337.97	167.39	605.65	3,304.21	207.62	163.19	58,567.45	100.37	44,363.91	235.60	-	240,133.86
Additions	-	-	1.07	3.51	-	1.40	7.20	19.89	-	-	41.24	-	74.31
Disposals	-	-	4.10	2.44	15.51	23.22	10.66	0.08	0.03	-	55.25	-	111.29
As at March 31, 2016	102,080.50	30,337.97	164.36	606.72	3,288.70	185.80	159.73	58,587.26	100.34	44,363.91	221.59	-	240,096.88
Additions	-	-	5.51	4.22	-	5.00	2.08	4.18	10.08	-	38.62	63.71	133.40
Disposals	10.04	-	29.43	3.53	19.53	3.28	10.46	91.55	2.99	-	16.94		187.75
As at March 31, 2017	102,070.46	30,337.97	140.44	607.41	3,269.17	187.52	151.35	58,499.39	107.43	44,363.91	243.27	63.71	240,042.52
Depreciation													
As at April 1, 2015	27,310.78	10,990.01	154.38	383.54	-	171.24	117.12	16,630.02	63.60	9,971.64	173.26	-	65,965.59
Charge during the year	2,014.53	2,327.29	5.32	82.49	-	12.06	31.21	1,150.39	3.04	912.70	13.54	-	6,552.57
Disposals	-	-	4.05	2.44	-	20.68	10.72	0.04	0.03	-	47.64	-	85.60
As at March 31, 2016	29,325.31	13,317.30	155.65	463.59	-	162.62	137.61	17,780.37	66.61	10,884.34	139.16	-	72,432.56
Charge during the year	2,008.25	2,320.92	2.40	31.68	-	5.69	5.02	1,138.96	3.43	910.21	12.68	-	6,439.24
Disposals	1.54	-	28.45	3.82	-	3.02	12.61	30.81	0.00	-	14.95	-	95.20
As at March 31, 2017	31,332.02	15,638.22	129.60	491.45	-	165.29	130.02	18,888.53	70.04	11,794.55	136.89	-	78,776.60
Net Block													
As at April 1, 2015	74,769.72	19,347.96	13.01	222.11	3,304.21	36.38	46.07	41,937.43	36.78	34,392.27	62.34	-	174,168.28
As at March 31, 2016	72,755.19	17,020.67	8.71	143.13	3,288.70	23.18	22.12	40,806.89	33.73	33,479.57	82.43	-	167,664.32
As at Macrh 31, 2017	70,738.44	14,699.75	10.85	115.96	3,269.17	22.23	21.33	39,611.37	37.40	32,569.36	106.37	63.71	161,265.93

Notes :

1) The company has elected to measure the items of property, plant and equipment at carrying value as per GAAP as deemed cost on the date of transition

2) Freehold building and roads includes cost of road Rs 1,228.38 lakhs (Previous year 1,228.38 lakhs) constructed on forest land diverted for the project under irrevocable right to use

3) Transmission Lines includes Rs 41.81 lakhs (Previous year Rs 41.81 lakhs) towards cost of land and compensation paid to Forest Department for construction of Transmission towers under irrevocable right to use

4 Intangible Asset

Particulars	Coputer software	Total
Gross Block		
As at April 1, 2015	59.29	59.29
Addition	-	-
As at March 31, 2016	59.29	59.29
Additon	-	-
As at March 31, 2017	59.29	59.29
Amortisation		
As at April 1, 2015	58.33	58.33
Addition	-	-
As at March 31, 2016	58.33	58.33
Addition	-	-
As at March 31, 2017	58.33	58.33
Net Block		
As on April 1, 2015	0.96	0.96
As on March 31, 2016	0.96	0.96
As on March 31, 2017	0.96	0.96

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5. Loans

(Rupees in lakhs)

	Non-Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31,2016	As at April 1, 2015
Unsecured, considered goods						
Security deposits	45.88	55.18	55.37	-	-	-
Loans to employees	12.34	1.49	14.27	28.75	18.87	15.34
Total	58.22	56.67	69.64	28.75	18.87	15.34

6. Other financial assets

(Rupees in lakhs)

Particulars	Non-Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance for Bara Banghal project [including Rs 681.88 lakhs (Previous year Rs. 681.88 lakhs) towards consultancy and other expenses on the project] (Unsecured, considered doubtful) (Refer note 38)	6,801.84	6,801.84	6,801.89	-	-	-
Less : Provision against upfront premium/other expenditure for Bara Banghal Project	-3,741.84	-3,741.84	-3,741.84	-	-	-
Interest accrued on banks deposits	-			72.49	100.30	69.80
Surrender value of keyman insurance policy	21.01	21.01	21.01	-	-	-
Advances recoverable in cash and kind	-			-	5.40	1.72
Deposit with maturity more than 12 month*	2.40	2.00	2.00	-	-	-
Total	3,083.41	3,083.01	3,083.06	72.49	105.70	71.52

*Fixed deposit of Rs 2.40 Lakhs (previous year Rs 2.00 Lakhs) pledged with the H.P. Government Sales Tax Department and Transport Authority

7. Other non-current and current assets

(Rupees in lakhs)

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances other than capital advances						
Advance tax/TDS	589.62	674.91	313.29	-	-	-
MAT Credit entitlement (Refer Note No 43)	537.13	483.26	-	-	-	-
Advances recoverable in cash and kind	275.04		-	248.78	295.25	234.24
Advances to employees	11.43	0.30	-	2.59	10.98	14.50
Capital Advance	-	-	-	-	-	62.85
Advances recoverable in cash or in kind for value to be received (unsecured considered doubtful)	-	-	-	24.40	24.40	24.40
Less: provision for doubtful advances	-	-	-	-24.40	-24.40	-24.40
Total other assets	1,413.22	1,158.47	313.29	251.37	306.23	311.59

8. Inventories

(Rupees in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Stores and spares (including store lying with third parties Rs 43.82 lakhs (previous year Rs 0.22 lakhs)	1,001.38	1143.75	1157.21
Scrap	12.64	13.30	13.30
Total	1,014.02	1157.05	1170.51

9. Trade receivables

(Rupees in lakhs)

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivable			
Unsecured, considered good	4,273.15	3,013.04	6,449.01
Less : Provision for doubtful receivables	-316.68	(316.68)	-
	3,956.47	2,696.36	6,449.01

10. Cash & cash equivalents

(Rupees in lakhs)

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks :			
- Current accounts	775.29	364.98	1,095.18
Cash on hand	7.76	5.92	9.09
Deposits with original maturity for less than 3 months	13,035.49	2,375.00	800.00
Total	13,818.54	2,745.90	1,904.27

11. Bank Balance

(Rupees in lakhs)

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Margin money deposit (held as security)	4,529.03	4,536.28	898.04
Deposits with original maturity for more than 3 months but less than 12 months	2.00	22.29	2.00
Bank Deposit	-	2,500.40	0.40
Total	4,531.03	7,058.97	900.44

12. Assets held for sale

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed assets (project equipment) held for sale (at net book value or estimated net realisable value, whichever is lower)	1,004.49	1,146.36	1,146.36
Total	1,004.49	1,146.36	1,146.36

13 **Share capital**

(Amount in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised 160,000,000 (previous year 160,000,000) equity shares of Rs. 10 each	16,000.00	16,000.00	16,000.00
Issued, Subscribed and fully paid-up 147,525,731 (previous year 147,525,731) equity shares of Rs 10 each fully paid	14,752.57	14,752.57	14,752.57
Total	**14,752.57**	**14,752.57**	**14,752.57**

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

(Amount in lakhs)

	March 31, 2017		March 31, 2016	
	No. of shares	Amount (Rupees in lakhs)	No. of shares	Amount (Rupees in lakhs)
Shares outstanding at the beginning of the year	147,525,731	14,752.57	147,525,731	14,752.57
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	**147,525,731**	**14,752.57**	**147,525,731**	**14,752.57**

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the

(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

	March 31, 2017		March 31, 2016	
	No. of shares	Amount (Rupees in lakhs)	No. of shares	Amount (Rupees in lakhs)
Bhilwara Energy Limited, the holding company	75,238,123	7,523.80	75,238,123	7,523.80

(d) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs. 10 each fully paid up	March 31, 2017		March 31, 2016	
	No. of shares	% Holding	No. of shares	% Holding
Name of the Share Holders				
Bhilwara Energy Limited	75,238,123	51.00%	75,238,123	51.00%
Statkraft Holding Singapore Pte Limited (earlier known as SN Power Holding Singapore Pte Limited)	72,287,608	49.00%	72,287,608	49.00%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents both legal & beneficial ownership of shares.

14 **Other Equity**

Share premium Account	Amount (in lakhs)
As at April 01, 2015	**32,545.67**
Additions during the period	-
As at March 31, 2016	**32,545.67**
Additions during the period	-
As at March 31, 2017	**32,545.67**

Retained earnings	Amount (in lakhs)
As at April 01, 2015	**29,766.79**
Profit for the year	8,396.43
Other comprehensive income	13.68
As at March 31, 2016	**38,176.90**
Profit for the year	6,705.84
Other comprehensive income	(8.73)
As at March 31, 2017	**44,874.01**

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15. Borrowings

(Rupees in lakhs)

Particulars	Non - Current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Term loans from Banks						
From banks (secured)	37,838 99	51,594 77	65,033 39	-	-	-
From financial institutions (secured)	36,953 63	26,762 43	23,712 90	-	-	-
Redeemable Non-Convertible Debentures	13,098 25	13,098 25	13,098 25	-	-	-
No of debenture 13 09,825 (previous year 7 55 668) of Rs 1000 each						
Less Current Maturities of long term borrowings	(5,246 21)	(5,003 95)	(11,846 95)	-	-	-
Total	82,644.66	86,451.50	89,997.59	-	-	-

15.1 Additional Disclosures

	Carrying Value	Loan maturity date	Terms of repayment
In case of Holding Company			
IDFC Infrastructure Finance Limited - 1	4,790 24	30 09 2029	Structured 54 quarterly installments till 30 9 2029
IDFC Infrastructure Finance Limited - 2	8,407 36	30 09 2029	Structured 51 quarterly installments till 30 9 2029
India Infradebt Limited	5,767 56	30 09 2029	Structured 51 quarterly installments till 30 9 2029
In case of Subsidiary Company			
IL&FS INFRA(NCDs- sub-debt)	13,098 25	December-23	unequal half yearly installments till December 2023
International Finance Corporation (Washington)	18,568 69	January-23	46 quarterly installments starting from October 2011 till January 2023
ICICI Bank Limited	2,891 99	August-30	Structured installments till August 2030
India Infradebt Limited	8,600 00	August-30	56 Structured installments commencing from 31st May 2017 and ending on 31st August 2030
IDFC Infrastructure Finance Limited-1	5,384 94	August-30	60 structured installments commencing from 30th May 2016 and ending on 31st August 2030
IDFC Infrastructure Finance Limited-2	4,400 00	August-30	56 Structured quarterly installments commencing from 31st May 2017 and ending on 31st August 2030
IndusInd Bank Limited	15,981 84	August-30	56 structured installments commencing from 31st May 2017 and ending on 31st August 2030.
Total	87,890.87		

In case of Holding Company

The Company has taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd carrying interest @ 9.65% per annum fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis repayable in structured 51 quarterly installments commencing from 31st march 2017 and ending 30 September 2029

The Company has taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd carrying interest @ 9 65% per annum fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis repayable in structured 51 quarterly installments commencing from 31st march 2017 and ending 30 September 2029

The Company has taken Indian Rupee term loans from India Infradebt Ltd carrying interest @ 9 65% per annum fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis repayable in structured 51 quarterly installments commencing from 31st March 2017 and ending on 30th September 2029

In case of Subsidiary Company

Redeemable Debenture represent Debenture issued to IL&FS Infrastructure Debt Fund (IDF) during the financial year 2013-14 and 2014-15 The debentures carries interest rate of 10% to 10 23 % per annum (previous year 11.36% to 11 87%) (floating) and were issued at a discount of 0 75% The Debenture is redeemable in unequal two installment in a year starting from June 2017 to December 2023

The above debenture issued to IL&FS IDF are secured by way of a Second mortgage/charge on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, rights, etc , present and future of the Company on 2nd pari passu basis Further, the holding company, Malana Power Company Limited, has provided corporate guarantee in case of default in repayment and has also given subservient pledge of its investment in the Company

Term loan from a financial institution (represents loan from IFC, Washington, also a minority shareholder) was taken during the financial year 2007–08 and carries interest @ 7 51% to 10 18% p.a The loan is repayable in 40 quarterly installments based on mortgage style amortization starting from October 2010 Further term loan from IFC Washington was taken during the years 2009–10 to 2011-12 and carries interest @ 10 19% to 11 50% p a The loan is repayable in 46 quarterly installments based on mortgage style amortization starting from October 2011

The Company had taken Indian Rupee term loans from ICICI Bank carryinginterest at ICICI base rate plus 1 05% currently @ 10 30% per annum (previous year 10 65% per annum)secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis This loan isnow repayable in structured 60 structured installments commencing from 31st May 2016 and ending on 31st August 2030

The Company has taken Indian Rupee term loans from India Infradebt Ltd Carryinginterest @ 9 65% per annum (fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis repayable in structured 56 quarterly installments commencing from 31st May 2017 and ending on 31st August 2030

The Company had taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd Carrying interest at ICICI base rate plus 0 675% currently @ 9 925% per annum (previous year 10 425% per annum)secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis repayable in structured 60 quarterly installments commencing from 31st May 2016 and ending on 31st August 2030

The Company has taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd carrying interest @ 9 65% per annum fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis Repayable in structured 56 structured installments commencing from 31st May 2017 and ending on 31st August 2030

The Company has taken Indian Rupee term loans from Indusind Bank The Company has re-financed existing loan at lower rate of interest carring interest at Marginal Cost Lending Rate(MCLR) plus 0 40% i e currently @ 9 5% per annum (previous year Nil per annum)secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis This loan repayable in structured 56 structuredinstallments commencing from 31st May 2017 and ending on 31st August 2030

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16. Provisions

(Rupees in lakhs)

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits						
Gratuity	-	-	-	50.49	43.18	56.18
Provision for Leave encashment	182.59	158.03	162.34	4.74	10.75	14.22
Provision for Continuity Loyalty Bonus	17.68	22.29	23.97	-	-	-
Total	200.27	180.32	186.31	55.23	53.93	70.40

17. Deferred tax assets / liabilities (net)

(Rupees in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Related to Property, plant & equipment	3,180.88	3,394.96	3,125.64
Others	-20.86	56.31	7.14
	3,160.02	3,451.27	3,132.78

18. Trade payables

(Rupees in lakhs)

Particulars	Non - current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payable (Other than Micro, small and medium Enterprises)	1,731.04	1,170.15	2,026.38
Total	1,731.04	1,170.15	2,026.38

19. Other financial liabilities

(Rupees in lakhs)

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other current liabilities						
Current maturities of long term borrowings	-	-	-	5,246.21	5,003.95	11,846.95
Sundry deposits	-	-	-	9.22	29.16	27.70
Interest accrued but not due on loan from financial institution	-	-	-	392.04	452.79	492.16
Capital Creditor	-	-	-	70.94	93.30	197.47
Deposit from contractors and others	-	-	-	10.28	5.71	4.94
Total	-	-	-	5,728.69	5,584.91	12,569.22

20. Other liabilities

(Rupees in lakhs)

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2017	As at April 1, 2015
Statutory dues	-	-	-	135.56	125.55	231.57
Total	-	-	-	135.56	125.55	231.57

21. Current tax Liability (net)

(Rupees in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for tax	12.24	77.62	136.83
Total	12.24	77.62	136.83

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22. Revenue from operations

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Sale of Power		
Revenue from operations (Gross)	25,105.16	27,604.13
Less : Discount on prompt payments	(231.21)	(299.02)
Less Unscheduled interchange charges	196.74	138.67
Less Handling charges (NRLDC/ULDC charges)	(16.43)	(27.55)
Transmission charges received	3,126.47	2,837.06
Revenue from Operations (Net)	**28,180.73**	**30,253.29**

23. Other income

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Interest Income		
Bank Deposit	1,143.07	624.66
Interest on others	40.59	22.72
Other non operating Income		
Sale of voluntary emission reductions (VER)	3,912.06	3,561.46
Expenses on sale of certified emission reductions	(76.67)	(67.61)
Transmission Charges	-	354.35
STU Charges	-	102.03
Profit on fixed assets sold/discarded	3.86	5.45
Profit on assets held for sale	3.69	-
Insurance claim	102.39	20.47
Miscellaneous income	121.66	409.05
Refund of Bulk power transmission charges	-	2,304.43
Total	5,250.65	7,337.01

24. Employee benefits expenses

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Salaries, wages and bonus	1,690.40	1,685.55
Director's remuneration	258.29	174.15
Contribution to provident and other funds	107.09	102.48
Gratuity expenses	29.88	28.15
Leave Compensation expense	26.90	11.93
Workmen and staff welfare expenses	119.69	146.49
Total	2,232.25	2,148.75

25. Finance costs

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Interest and other finance costs		
- on term loans from banks and financial institutions	8,298.23	8,692.68
- on debentures	1,322.62	1,408.27
- on Income Tax	12.56	-
Other bank charges	145.65	150.29
Other borrowing cost	55.10	201.50
Total	9,834.16	10,452.74

26. Depreciation and amortization expense

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Depreciation of tangible assets	6,439.25	6,552.64
Total	6,439.25	6,552.64

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27. Other expense

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Rent	70.95	88.79
Stores, spares & other consumables	246.03	184.27
Power and fuel	136.32	135.83
Repair and maintenance		
Civil work	100.90	327.05
- Buildings	9.89	6.24
- Plant and machinery	544.36	314.14
- Others	31.60	32.75
Rates and taxes	2.35	1.39
Insurance	335.27	433.78
Payment to auditor (Refer details below)	38.54	38.21
Communication costs	15.96	17.41
Printing and stationery	6.59	4.81
Travelling and conveyance	117.71	135.78
Membership fees and subscriptions	13.75	2.94
Legal and professional fees	339.04	288.03
Social welfare expenses	91.66	72.17
CSR expenses (Refer details below)	59.08	9.17
Miscellaneous expenses	227.60	230.23
Security arrangement expense	135.89	125.63
Vehicle running & hiring expenses	112.21	113.30
Inventory written off	129.34	-
Fixed Assets held for sale written off	189.42	-
Loss on sale of fixed assets written off (net)	3.68	-
Provision for doubtful debts	-	316.68
Total	2,958.14	2,878.60

	March 31, 2017	March 31, 2016
Payment to Auditor		
As auditor:		
- Audit fee	23.00	22.90
- Fees for consolidation	1.15	1.15
Limited review	-	5.73
- Fees for international reporting	10.35	4.58
In other capacity		
- Fees for other services	0.08	1.72
- Fees for certification	0.58	-
- Out of pocket expenses	3.38	2.13
TOTAL	38.54	38.21

Corporate social responsibility expenditure	March 31, 2017	March 31, 2016
Amount required to be spent as per Section 135 of the Act	67.02	24.50
Amount spent during the year on:		
(i) Construction/Acquisition of any asset	-	-
(ii) On purposes other than (i) above	59.08	9.17
Total	59.08	9.17

28. Exceptional item

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Business Support Service*	-	2,124.00
Total	-	2,124.00

* Exceptional items represents the one time Business Support Services amounting to Nil (March 31, 2016 : Rs 2124 lakhs)incurred in accordance with the Shareholder's Agreement entered into between Bhilwara Energy Limited and Statkraft Singapore PTE Limited

29. Tax expense

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016
Current tax	2,867.20	1,513.88
Deferred tax	(291.25)	318.49
MAT Credit Entitlement	(53.87)	(483.26)
MAT Credit Entitlement of earlier years (Refer Note No.43)	(1,133.20)	-
Total	1,388.88	1,349.11

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(a) Effective Tax Reconciliation

Numerical reconciliation of tax expense applicable to profit before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Accounting profit before tax from continuing operations	8,125 01	10,185 88
Profit/Loss before tax from a discontinued operation		
Accounting Profit before Income Tax		
At India's statutory income tax rate of 30%	2 811 90	3,525 13
Tax as per accounting profit		
Expenditure not allowed for tax purpose	121 17	4 04
Income not credited to Profit and loss A/C	-	2.25
Deferred tax asset not created for	1,906.66	-
Due to change in Deferred Working/books		
Due to difference in tax rate	0 13	-
Deffered Tax On Depreciation	(2,292 32)	279 39
Deferred Tax on leave encashment	(24 14)	-
Defferd Tax on other Temporary Diff.	-	9 91
Income Disallowed for tax purposes	(0 71)	(2 07)
No Tax on Income under Tax Holiday	-	(1,158 75)
Deferred tax liability not recognized	-	(1,272 01)
Income not taxable	(0 61)	-
	2,522 08	1,389 89
MAT credit entitlement recognized during the year	(1,133 20)	(40.78)
Income Tax Expenses reported in the statement of Profit & Loss	1,388.88	1,349.11

(b) Deferred tax relates to the following

Particulars	Balance Sheet			Recognised in	
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	For the year ended	For the year
Depreciation	(3,180 88)	(3,394 96)	(3,125.64)	214.08	(269.32)
Others	20.86	(56 31)	(7 14)	77 17	(49 17)
					-
	(3,160.02)	(3,451.27)	(3,132.78)	291.25	(318.49)

(c) Reconciliation of Deferred tax asset/(liability)	**As at March 31, 2017**	**As at March 31, 2016**
Opening balance	(3,451.27)	(3,132.78)
Tax Income/(expense) during the period recognised in profit or loss	291.25	(318.49)
Closing Balance	(3,160.02)	(3,451.27)

Items on which DTA has not been created	March 31, 2017	March 31, 2016
Business loss brought/carried forward	1,949.04	1,949.04
Unabsorbed depreciation brought/carried forward	29,544.43	29,544.43
Provision for Leave encashment	36.41	34 28
Provision for continuity linked bonus	6.12	7.71
Provision for Gratuity	6.31	8.85
	31,542.31	31,544.31

30. Earnings per share

(Rupees in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of basic EPS)	6 736 13	8 836 77
Dividend on OCPS/ Redeemable Preference Share		-
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of diluted EPS)	6,736.13	8,836 77
Weighted average number of equity shares in calculating basic EPS	1,475.26	1,475.26
Weighted average number of equity shares in calculating diluted EPS	1,475.26	1,475.26
Basic earning per share	4.57	5.99
Diluted earning per share	4 57	5 99

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31. Segment Reporting

The Group's activities during the year involved generation of the hydro power (Refer Note 1). Considering the nature of Group's business and operations, there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of Indian Accounting Standard 108 'Segment Reporting'. The Chief Operational Decision Maker monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

32. The details of subsidiary company i.e. AD Hydro Power Limited is as follows :

Name of the entity	Country of Incorporation	Nature	Net Assets		Share in profit or loss		Share in OCI		Share in Total Comprehensive Income	
			% of Consolidated Net Assets	Amount (Rs. in lacs)	% of Consolidated profit or loss	Amount (Rs. in lacs)	% of Consolidated Comprehensive Income	Amount (Rs. in lacs)	% of Consolidated Comprehensive Income	Amount (Rs. in lacs)
Malana Power Company Limited	India	Parent	-4.68%	-4,535.34	20.51%	1,381.89	116.45%	-9.97	20.39%	1,371.92
AD Hydro Power Limited	India	Subsidiary	99.87%	96,707.59	79.04%	5,323.95	-14.48%	1.24	79.15%	5,325.19
International Finance Corporation	USA	Minority Interest	4.81%	4,658.94	0.45%	30.29	-1.97%	0.17	0.45%	30.46
Total			**100%**	**96,831.19**	**100%**	**6,736.13**	**100%**	**-8.56**	**100%**	**6727.57**

33.ContingentLiabilities not provided for

A. With respect to the Holding Company :

(i) Contingent Liabilities

(a) In respect of assessment year 2009-10, 2010-11 and 2011-12, the Assessing Officer/s had disallowed certain proportion of the expenses as expenses incurred towards the exempt income under Section 14A, and denied the claim of the company to treat the income from carbon credit as capital receipt not subject to tax and raised a demand of Rs.34.07 lacs, Nil and Rs.68.75 lacs, respectively. In response to appeal filed by the holding Company, part relief has been granted by the Commissioner of Income Tax (Appeals). No demands are pending as on date, as the company has paid tax under MAT provisions. Income tax department and the holding Company have preferred further appeal before the ITAT, New Delhi, which is pending for hearing/ orders.

(b) In respect of assessment year 2012-13, 2013-14 and 2014-15, the Assessing Officer/s had disallowed certain proportion of the expenses as expenses incurred towards the exempt income under Section 14A, deduction under Section 80IA and other disallowances under the Income Tax Act, 1961 and raised a demand of Rs.38.70 lacs, Rs.71.19 lacs and Rs.160.04 lacs respectively. The Holdingcompany has preferred further appeal before the CIT Appeals which is pending for hearing/ final orders.

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(c) Wheeling charges claimed by Himachal Pradesh State Electricity Board not acknowledge as debt amounting to Rs1,487.01lacs to wheel or transfer energy from Bajaura sub station to 400 kV substation of Powergrid Corporation of India(Powergrid) limited at Nalagarh (i.e. interstate point). Base on Central Electricity Regulatory Commission (CERC) order, wheeling charge finalization is pending for direction from Himachal Pradesh Electricity Regulatory Commission (HPERC).

(d) During the financial year 2014-15, Government of Himachal Pradesh has taken a decision to charges lease amount for the diverted forest land retrospectively vide demand order dated August 27, 2014 against 61 hectares of duly diverted forest land, towards the lease money for the period from July 19, 1999 to July 18, 2014, for a sum of Rs.1,385.41 lacs . Further, it directed Holding company to pay lease money of Rs. 1677.50 lacs per annum form July 19, 2014 which is subject to an increase of 5% of total lease amount after every 5 years. Based on the above the total lease rent demand as on March 31, 2017 works out to be Rs. 5,926.14 lacs.

The Holding company has filed a writ petition before Hon'ble High Court of Himachal Pradesh which has granted stay on demand. Pending decision of the High Court, no additional provision has been deemed necessary in the financial statements in this regard.

Based on expert inputs, management believes that these demand and any possible demand for other assessment years to be raised by Income Tax Authorities on similar grounds, is unlikely to crystallize and there is a fair chance of decision in its favor.

(ii) Commitments

a) Holding Company has entered into agreement with Himachal Pradesh State Electricity Board (HPSEB) to wheel or transfer energy from Bajaura sub station to 400 kV substation of Powergrid Corporation of India(Powergrid) limited at Nalagarh (i.e. interstate point). The company has agreed to pay wheeling charges. This, being firm commitment, is recognized as an expense, on receipt of monthly bills from HPSEB under the head 'Wheeling Charges' in the statement of profit and loss.

b) At March 31, 2017, the Company has committed for non-disposal of its investment in subsidiary AD Hydro Power Limited to its lenders (similar commitment was there in the previous year also).

(iii) Financial guarantee

The Holding Company has provided Corporate/Default Guarantee to FIs/Banks for the loans extended by them to AD Hydro Power Limited (subsidiary company).

(Amount in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
a) The amount of outstanding loans covered by such guarantees	69,226.54	72,594.14
b) Under the terms of the said guarantee the maximum amount for which the company may be contingently liable during the next 12 months	4,811.65	4,567.15

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B. With respect to the Subsidiary Company :

i) Contingent Liabilities

(Amount in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Demand under The Building & Other Construction Workers Welfare Cess Act, 1996 (refer note (a) below)	1,300.33	1,300.33
Demand under Local Area Development Fund (LADF) from Directorate of Energy, Government of Himachal Pradesh (refer note (b) below)	1,427.00	1,427.00
Demand raised by Directorate of fisheries. Himachal Pradesh (refer note (c) below)	99.75	99.75
Demand of lease rentals by Himachal Pradesh Govt. for diverted forest land (refer note (d) below)	6,233.19	5,748.59

The Subsidiary Company believes that these claims/demands are not probable to be decided against the Company and therefore, no provision for the above is required.

a) During the financial year 2012-2013, the Assessing Officer through its order dated January 23, 2013 has raised a demand of Rs.1,459.00 lacs under the Building & Other Construction Workers Welfare Cess Act, 1996 (BOCW) for the period from January 1, 2005 to July 31, 2012. The Subsidiary Company had already deposited a sum of Rs.159.00 lacs and filed a writ before the High Court of Himachal Pradesh for the remaining amount. During the hearing held on February 28, 2013, an interim Stay has been granted against the recovery.

Pending any further directions or conclusion by the State Government, no additional provision has been deemed necessary in the financial statements in this regard.

b) Directorate of Energy of Himachal Pradesh had raised a demand of Rs.1,427lacs towards LADF @ 1.5% on the basis of the total committed cost of the project in terms of hydro policy and after considering the expenses already incurred by the Company. However, as per the Subsidiary Company, this amount was to be computed @ 1.5% of the total cost as reflected in Detailed Project Report (DPR), in terms of agreement dated Nov 05, 2005 entered with the state government, after considering the amount that has already been incurred and deposited by the Subsidiary Company. Matter is being contested before Hon'ble High Court of Himachal Pradesh which has already granted stay on demand.

c) The Department of fisheries vide it letter dated January 4, 2013 directed the Subsidiary Company to pay Rs 99.75 lacs for granting of NOC. The Subsidiary Company has filed a writ petition in Hon'ble High Court of Shimla and is contesting the same on the ground that it was not a precondition given by Fisheries department while granting the NOC.The streams are not covered in the negative list issued by Fisheries Department.

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The Subsidiary Company has deposited under protest an amount of Rs.35.00 lacs as per interim order of Hon'ble High Court of Himachal Pradesh. The Hon'ble High Court of Himachal Pradesh has granted stay on balance amount.

d) During the financial year 2015-2016, the Government of Himachal Pradesh (GOHP) had framed the policy of levying the lease amount on the diverted forest land with retrospective effect. Accordingly, the demand has been raised on the Subsidiary Company for the period Dec 28, 2004 in respect of 37.620 hectares and from Feb 16, 2008 for 9.55 hectares, toward the diverted forest land, till date. Based on the policy, the lease amount works out to be Rs.6,233.19 lacs. The Subsidiary Company is of the view that there is no change in status of land and the policy so framed by the GOHP is not applicable to it. The Company has filed a writ petition before Hon'ble High Court of Himachal Pradesh which has granted stay. In view of this, no provision has been considered necessary.

e) The Subsidiary Company is subject to certain legal proceedings and claims, which have arisen in the ordinary course of business, for the lands and right to use lands acquired by it and recovery suits filed by various parties. These cases are pending with various courts. After considering the circumstances and legal advice received, management believes that these cases will not adversely impact its financial statements.

ii) Commitments

AD Hydro Power Limited has entered into Bulk Power Transmission Agreement with Power grid Corporation of India Limited (Powergrid) to avail long term open access to the transmission system of Powergrid for transfer of power from AllainDuhangan HEP to Northern Region Constituents. The Subsidiary Company has agreed to share and pay all the transmission charges of Powergrid for a period of 40 years from COD (commercial operation date) i.e. July 29, 2010.This being firm commitment is recognized as an expense, on receipt of monthly bills from Power grid, under the head 'Bulk power transmission charges' in the statement of profit and loss.

34. Everest Power Private Limited ('EPPL') is using the transmission system of the Subsidiary Company. As per the Appellate Tribunal for Electricity's ('APTEL') interim order dated June 10, 2011, an interim Power Transmission Agreement (IPTA) was signed between the Subsidiary Company and EPPL on August 9, 2011.

Subsequently, EPPL had raised dispute and stopped the payment of transmission charges after October 2012. The Subsidiary Company ultimately filed an appeal before the Hon'ble Supreme Court of India who gave directions for the payment of arrears of transmission charges and continuation of the payment of monthly transmission charges as per the IPTA till the final adjudication on the matter by it. Based on Hon'ble Supreme Court direction, EPPL has started making the payment; however same was again stopped during 2016-17.

The outstanding balance as on March 31, 2017 aggregates to Rs.3,201.04 lakhs, out of which Rs.1677.89lakhs pertains to period prior to March'15 and remaining Rs.1523.15 lakhs pertains to financial year 2016-17.

In December'16, Hon'ble Supreme Court of India again directed EPPL to pay all outstanding dues. Accordingly the arrears of Rs. 1677.89 Lakhs pertaining to period before March 31, 2015 has been considered good by the company in view of the progress of proceedings before the Hon'ble Supreme Court of India. Also, as per IPTA, the Subsidiary Company can charge interest @ 1.25% per month on the overdue amount which will be accounted for on receipt basis.

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35. Related party transactions

(a) Names of related parties where control exists and with whom transactions have taken place during the year

Nature of Relationship	Name of related party
Holding Company	Bhilwara Energy Limited
Subsidiary Company	AD Hydro Power Limited
Enterprise having significant influence over the company	Statkraft Holding Singapore Pte. Limited (Formerly SN Power Holding Singapore Pte. Ltd. Singapore) SN Power Global Services Pte. Limited
Fellow Subsidiary Companies	Indo Canadian Consultancy Services Limited
Key Management Personnel	Mr. Ravi Jhunjhunwala, (Chairman & Managing Director) Mr. RP Goel (Whole Time Director)
Relatives of key management personnel	Mrs. Rita Jhunjhunwala(wife of the Chairman & Managing Director) Mr. RijuJhunjhunwala (son of the Chairman& Managing Director) Mr. RishabhJhunjhunwala(son of the Chairman & Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	HEG Limited, RSWM Limited
Enterprises on which Statkraft Holding Singapore PTE Limited (SHSPL) has significant influence	Statkraft Market Pvt Ltd, India S N Power Invest Asia Pte Ltd, Singapore Statkraft India Pvt Ltd
Trust under common control	Malana Power company Limited Employees Gratuity Trust Malana Power company Limited Sr. Executive Company Superannuation Scheme Trust AD Hydro Power Limited Employees Group Gratuity Trust ADHydro Power Limited Sr. Executive Company Superannuation Scheme Trust

Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

CEO and CFO	Mr. O.P.Ajmera
Company Secretary	Mr. Arvind Gupta

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MALANA POWER COMPANY LTD.

Malana Power Company Limited
Notes to Consolidated Financial Statements for the year ended March 31, 2017

Transaction with related parties												
Nature of Transaction	Holding Company/ Enterprises having significant influence over the Company		Subsidiary/Fellow subsidiary Company		Key Management Personnel *		Relative of Key Management Personnel		Enterprise over which key management personnel /relative having significant influence		Trust under common control	
	March 31, 2017	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016	**March 31, 2017**	March 31, 2016
Transactions during the year												
Rent												
a) Mrs. Rita Jhunjhunwala	-	-	-	-	-	-	**17.77**	18.15	-	-	-	-
b) Mr. RishabhJhunjhunwala	-	-	-	-	-	-	**17.24**	17.61	-	-	-	-
c) Mr. RijuJhunjhunwala	-	-	-	-	-	-	**17.24**	17.61	-	-	-	-
d) RSWM Limited	-	-	-	-	-	-			**55.82**	55.07	-	-
Consultancy service charges paid to Indo Canadian Consultancy Services Limited	-	-	**6.12**	29.34	-	-	-	-	-	-	-	-
Remuneration paid to Mr. Ravi Jhunjhunwala,	-	-	-	-	**220.66**	136.14	-	-	-	-	-	-
Remuneration paid to Mr. R.P. Goel	-			-	**44.81**	44.81	-	-	-		-	-
Remuneration paid to Mr. O.P Ajmera	-	-	-	-	**156.00**	141.64	-	-	-	-	-	-
Remuneration paid to Mr. Arvind Gupta	-	-	-	-	**13.26**	12.13	-	-	-	-	-	-
Reimbursement of expenses paid to HEG Limited	-	-	-	-	-	-	-	-	**13.17**	6.01	-	-
Reimbursement of expenses paid to RSWM Limited	-	-	-	-	-	-	-	-	**18.67**	29.39	-	

Reimbursement of expenses paid to Bhilwara Energy Limited	**0.23**	4.10	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses recovered from Bhilwara Energy Limited	**51.98**	47.10	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses paid to Indo Canadian Consultancy Services Limited	-	-	-	0.04	-	-	-	-	-	-	-	-
Reimbursement of expenses incurred on behalf of Indo Canadian Consultancy Services Limited	-	-	-	-	-	-	-	-	-	-	-	-
Business Support given by Bhilwara Energy Limited for execution of AD Hydro HEP	-	2,123.98					-	-	-	-	-	-
Reimbursement of expenses incurred on behalf of Statkraft Market Pvt Ltd, India	-	0.71	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses incurred by to S N Power Invest Asia Pte Ltd, Singaporeon behalf of the Group	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses incurred by to Statkraft India Pvt Ltd, India (Earlier S N Power india). on behalf of the Group	-	2.45	-	-	-	-	-	-	-	-	-	-
Amount Paid to Statkraft Market Pvt Ltd, India towards Trading Margin	**36.53**	31.41	-	-	-	-	-	-	-	-	-	-

Additon in contribution Malana Power Company Limited Emloyee Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	**20.63**	17.61
Claims from Malana Power Company Limited Emloyee Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	**6.38**	5.40
Additon in contribution Malana Power Company Limited Senior Executive Group Superannuation Trust	-	-	-	-	-	-	-	-	-	-	**5.84**	3.92
Claim from contribution Malana Power Company Limited Senior Executive Group Superannuation Trust	-	-	-	-	-	-	-	-	-	-	**7.63**	20.96
Contribution towards Employes Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	**27.86**	25.57
Contribution towards Sr. Executive Group Superannuation Scheme Trust	-	-	-	-	-	-	-	-	-	-	**5.95**	5.92
Claims from Employees Group Gratuity Trust	-	-	-	-	-	-	-	-	-	-	**11.93**	18.85
Claims from Sr. Executive Group Superannuation Scheme Trust	-	-	-	-	-	-	-	-	-	-	**7.65**	13.55

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Transaction with related parties																		
Nature of Transaction	Holding Company/ Enterprises having significant influence over the Company			Subsidiary/Fellow subsidiary Company			Key Management Personnel *			Relative of Key Management Personnel			Enterprise over which key management personnel /relative having significant influence			Trust under common control		
	March 31, 2017	March 31, 2016	April 01, 2015	**March 31, 2017**	March 31, 2016	April 01, 2015	**March 31, 2017**	March 31, 2016	April 01, 2015	**March 31, 2017**	March 31, 2016	April 01, 2015	**March 31, 2017**	March 31, 2016	April 01, 2015	**March 31, 2017**	March 31, 2016	April 01, 2015
Balances outstanding as at the year end																		
Balances Receivable:																		
Statkraft Markets Private Limited	**0.45**	1.28	0.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances Payable:																		
Payable to HEG Limited	-	5.76	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable to RSWM Limited	-	10.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable to Mr.Ravi Jhunjhunwala	-	-	-	-	-	-	**79.10**	-	-	-	-	-	-	-	-	-	-	-

* Remuneration paid does not include provision made for compensated absences and gratuity as the same are determined for the Company as a whole.

**The Company has also given default corporate guarantee for loan availed by AD Hydro Power Limited, subsidiary company, from IL&FS Infrastructure Debt Fund (IDF) in respect of debentures.

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Key management personnel **(Rs. In lakhs)**

Particulars	March 31, 2017					March 31, 2016				
	CMD	WTD	CEO & CFO	C.S.	Total	CMD	WTD	CEO & CFO	C.S.	Total
	Mr.Ravi Jhunjhunwala	Mr.R P Goel	Mr. O P Ajmera	Mr. Arvind Gupta		Mr.Ravi Jhunjhunwala	Mr.R P Goel	Mr. O P Ajmera	Mr. Arvind Gupta	
Short Term Benefit	**220.66**	**44.81**	**156.00**	**13.43**	**434.90**	**136.52**	**44.81**	**141.87**	**12.13**	**335.33**
Post Employment										
Defined Contribution Plan	-	-	1.75	0.02	1.77	-	-	1.23	0.02	1.25
Defined Benefit Plan	-	-	-	-	-	-	-	-	-	-
Others long Terms Benefit	-	-	-	-	-	-	-	-	-	-
	220.66	**44.81**	**157.75**	**13.45**	**436.67**	**136.52**	**44.81**	**143.10**	**12.15**	**336.58**

36. Leases

In case of assets taken on Operating Lease:

Office premises and vehicles are obtained on cancellable operating leases. All these leases have a lease term varying between 3 to 5 years. There are no restrictions imposed by lease arrangements. There are no subleases.

(Rs. In lakhs)

Particulars	March 31, 2017	March 31, 2016
Lease payments for the period	109.44	158.30

37. Employee benefit expenses

	March 31, 2017 (Rs.in lakhs)			March 31, 2016 (Rs.in lakhs)		
	Current	Non-current	Total	Current	Non-current	Total
Leave obligation	4.74	182.59	**187.33**	10.75	158.03	**168.78**
Gratuity	8.87	356.64	**365.51**	14.17	286.20	**300.37**

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MALANA POWER COMPANY LTD. *

(i) Table showingChange in Benefit Obligation

Particulars	Gratuity (Rs.in lakhs)		Earned Leave (Rs.in lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Present value of obligation as at the beginning of the period	300.35	267.15	168.78	176.56
Interest Cost	24.03	20.70	13.50	13.68
Current Service Cost	26.41	23.80	17.11	18.43
Benefits Paid	(18.31)	(24.89)	-	(11.25)
Actuarial (Gain)/Loss on obligation	33.03	13.58	(12.06)	(28.65)
Present value of obligation as at the End of the period	365.51	300.34	187.33	168.77

(ii) The amounts recognized in the income statement

Particulars	Gratuity (Rs.in lakhs)		Earned Leave (Rs.in lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Service Cost	26.41	23.80	17.11	18.43
Net Interest Cost	3.46	4.35	13.50	13.68
Expense recognized in the Income Statement	29.87	28.15	30.61	32.11

(iii) Re-measurement Gain / (Loss) in Other Comprehensive Income (OCI)

Particulars	Gratuity (Rs.in lakhs)		Earned Leave (Rs.in lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Net cumulative unrecognized actuarial gain/(loss) opening	--	--	--	--
Actuarial gain / (loss) for the year on PBO	(33.03)	(13.58)	12.06	28.65
Actuarial gain /(loss) for the year on Asset	12.39	(1.44)	-	-
Unrecognized actuarial gain/(loss) at the end of the year	(20.64)	(15.02)	12.06	28.65

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(iv) **Change in plan assets**

Particulars	Gratuity (Rs.in lakhs)	
	March 31, 2017	March 31, 2016
Fair value of plan assets at the beginning of the period	257.18	210.97
Actual return on plan assets	32.98	14.91
Employer contribution	43.18	56.18
Benefits paid	(18.31)	(24.89)
Fair value of plan assets at the end of the period	315.03	257.18

(v) **Major categories of plan assets (as percentage of total plan assets)**

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
Government of India Securities	--	--
State Government securities	--	--
High Quality Corporate Bonds	--	--
Equity Shares of listed companies	--	--
Property	--	--
Funds Managed by Insurer	100 %	100 %
Bank Balance	--	--
Total	100 %	100 %

(vi) **Actuarial Assumptions**

Particulars	Gratuity(In INR)		Earned Leave(In INR)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
i) Discounting Rate	7.35	8.00	7.35	8.00
ii) Future salary Increase	5.50	6.00	5.50	6.00

Particulars	Gratuity(In INR)		Earned Leave(In INR)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
i) Retirement Age (Years)	60	60	60	60
ii) Mortality rates inclusive of provision for disability	100 % of IALM (2006 - 08)		100 % of IALM (2006 - 08)	
iii) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3.00	3.00	3.00	3.00
From 31 to 44 years	2.00	2.00	2.00	2.00
Above 44 years	1.00	1.00	1.00	1.00

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(vii) Sensitivity Analysis of the defined benefit obligation

	Gratuity	Earned Leave
a) Impact of the change in discount rate		
Present Value of Obligation at the end of the period	365.51	187.33
Impact due to increase of 0.50 %	(16.54)	(9.77)
Impact due to decrease of 0.50 %	17.87	10.62
b) Impact of the change in salary increase		
Present Value of Obligation at the end of the period	365.51	187.33
Impact due to increase of 0.50 %	18.10	10.76
Impact due to decrease of 0.50 %	(16.91)	(9.98)

Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

(viii) Maturity Profile of defined benefit obligation

Year	Gratuity (Rs.in lakhs)	Earned Leave (Rs.in lakhs)
April 2017- March 2018	8.87	4.74
April 2018- March 2019	6.52	6.68
April 2019- March 2020	14.11	37.67
April 2020- March 2021	21.94	5.72
April 2021- March 2022	87.94	7.91
April 2022- March 2023	25.07	3.55
April 2023 onwards	201.07	121.06

38. In respect of 200 MW Bara Banghal project in state of HP for which the Holding Company had bid and paid an upfront premium of Rs. 6,120 lacs, the Company has decided to shelve off the same as the State Hydro Power Policy is not aligned with MOEF Policy of GOI which prohibits the implementation of a hydro power project in wild life /eco sensitive zone areas. In view of this, the Holding Company has filed a full amount refund claim along with interest. The provision of 50% of Rs. 3,060 lacs recorded in the earlier years shall be written back at the time of acceptance of refund.

39. The Holding Company has filed a Petition with CERC on 06.11.2014 for recovery of excess UI and handling charges, claiming that they have been wrongly charged by HPSEBL. Company has estimated an amount of recovery of Rs.863.90lacs approximately towards excess UI and Rs. 517.6 lacs towards handling charges. The company has received favorable order for refund of handling charges and same will be accounted for on receiptof amount. The matter related to UI is under adjudication and the same would be accounted for after the issue of the final order.

40. The Subsidiary Company has accumulated losses of Rs. 17,173.13lacs as at March 31, 2017. This is the seventh year of operation and fourth year when plant has operated at full capacity. Based on financial projections (including the projected tariff) arrived at after considering the past experience of running similar power project and renewable source of fuel, management believes that profits will continue to accrue on account of expected increase in tariff and hence, no adjustments are required to the carrying amount of fixed assets on account of impairment and the Subsidiary Company will have sufficient cash flow to meets its future obligations.

41. In accordance with Indian Accounting Standard 12 'Income taxes', deferred tax assets have not been recognised in the books of Subsidiary Company due to losses brought forward and absence of probability of future taxable profits in view of tax holiday available to the Subsidiary Company.

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42. In respect of the claim of Rs. 316.68 lacs made by HPSEBL in the earlier years on account of non-supply of power on Nil generation schedule, the Hon'ble Arbitrator had decided the matter in favour of HPSEBL against which the Company has preferred an appeal before the Hon'ble High Court of Shimla and matter is under adjudication. The management has also considered the provision during the year.

43. The Holding Company did not recognise the Minimum Alternate Tax (MAT) credit entitlement of Rs. 6,564.38 Lakhs, pertaining to assessment years from 2008-09 to 2015-16 on account of it being in tax holiday period during those years. Out of Rs. 6,564.38 Lakhs, the Holding Company has availed Rs. 1,133.20 Lakhs against the current year tax liability and has recognised the same in the statement of profit and loss account for this year.

44. In the absence of profits available for payment of dividend the Subsidiary Company has not created any debenture redemption reserve during the current year.

45. Financial risk management and objective policies

The Group is exposed to market risk, credit risk and liquidity risk. The senior management of the both the Holding & Subsidiary Company oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits. The Group is exposed to interest rate risk on variable rate long term borrowings.

The sensitivity analysis in the following sections relateto the position as at March 31, 2017 and March 31, 2016.

i. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company is not exposed to any foreign currency risk as there is no material transaction in foreign currency. Hence, no further disclosure is required under this section.

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.

i. Interest Risk Exposure

The exposure of the Group's borrowings to interest rate changes at the end of the reporting period are as follows:

(Rs.In lakhs)

Particulars	March 31, 2017	March 31, 2016
Variable rate borrowings	42,147.26	70,081.19
Fixed rate borrowings	45,743.61	21374.29
Total	**87,890.87**	**91,815.48**

An analysis by maturities is provided in Note no- 45 (d)

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ii. **Sensitivity**

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

The table below summarises the impact of increase and decrease of profit after tax on change in interest rate on floating rate debt. The analysis is based on the assumption that interest rate changes by 24 basis points with all other variable held constant. The fluctuation in interest rate has been arrived at on the basis of average interest rate volatility observed in the outstanding loans as on March 31, 2017 and March 31, 2016.

(Rs.In lakhs)

Particulars	March 31, 2017	March 31, 2016
Effect on Profit if Interest Rate - decrease by 24 basis points	78.41	123.37
Effect on Profit if Interest Rate - increases by 24 basis points	(78.41)	(123.37)

b) **Price risk**

The Groupis not exposed to any price risk as there is no investment in equities outside the Group and the Group doesn't deal in commodities.

c) **Credit risk**

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, unsecured loan to subsidiary company and other financial instruments.

To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period.

Financial assets are written off when there is no reasonable expectation of recovery.

I. **Expected credit loss for financial assets**

Financial assets to which loss allowance is measured using 12 months Expected credit loss(ECL)	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision
Loan to Employees	41.09	-	41.09	20.36	-	20.36	29.63	-	29.63
Surrender value of key-man insurance policy	21.01	-	21.01	21.01	-	21.01	21.01	-	21.01
Advance for Bara Banghal project	3,060.00	-	3,060.00	3060.00	-	3060.00	3060.00	-	3060.00
Advances recoverable in cash and kind	474.52	-	474.52	199.15	-	199.15	174.80	-	174.80

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Financial assets to which loss allowance is measured using lifetime Expected Credit Loss (ECL) as on March 31, 2017

(Rs.In lakhs)

Particulars	**Not Due**	**Less than 60 days**	**60 to 120 days**	**120 to 180 days**	**180 to 365 days**	**More than 365 days**	**Total**
Trade Receivables- Gross Carrying amount	1,017.70	389.63	449.88	204.93	41.00	2,170.01	**4,273.15**
Expected Loss Rate	-	-	-	-	-	-	-
Expected Credit Losses	-	-	-	-	-	316.68	**316.68**
Carrying amount of Trade receivables	1,017.70	389.63	449.88	204.93	41.00	2,486.69	**3,956.47**

Financial assets to which loss allowance is measured using lifetime Expected Credit Loss (ECL) as on March 31, 2016

(Rs.In lakhs)

Particulars	**Not Due**	**Less than 60 days**	**60 to 120 days**	**120 to 180 days**	**180 to 365 days**	**More than 365 days**	**Total**
Trade Receivables- Gross Carrying amount	659.51	131.04	-	-	-	2,222.49	**3,013.04**
Expected Loss Rate	-	-	-	-	-	-	-
Expected Credit Losses	-	-	-	-	-	316.68	**316.68**
Carrying amount of Trade receivables	659.51	131.04	-	-	-	1905.83	**2,696.36**

Financial assets to which loss allowance is measured using lifetime Expected Credit Loss(ECL) as on April 1, 2015

(Rs.In lakhs)

Particular	**Not Due**	**Less than 60 days**	**60 to 120 days**	**120 to 180 days**	**180 to 365 days**	**More than 365 days**	**Total**
Trade Receivables- Gross Carrying amount	842.67	420.64	466.09	473.16	184.89	4,061.56	6,449.01
Expected Loss Rate	-	-	-	-	-	-	-
Expected Credit Losses	-	-	-	-	-	-	-
Carrying amount of Trade receivables	842.67	420.64	466.09	473.16	184.89	4,061.56	6,449.01

The company is in the power generation sector. The company on the basis of its past experience and industry practice is confident on realizing all of its dues from its customers which are state government run power utility majors. Hence company has not provided for any discounting on time value of money.

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With respect to the Subsidiary Company:

Reconciliation of loss allowance provision - Trade receivables

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

As at March 31, 2016	316.68
Change for the year	-
As at March 31, 2017	316.68

d) Liquidity risk

Liquidity risk is defined as the risk that company will not be able to settle or meet its obligation on time or at a reasonable price. The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling, forecast on the basis of expected cash flows. To maintain liquidity the company has maintained loan covenants as per the terms decided by the lenders.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date basedon contractual undiscounted payments:

(Rs.In lakhs)

As at March 31, 2017	Less than 3 months	3-6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	832.99	2,326.05	2,087.18	11,478.82	71,466.67	**88,191.71**
Trade payables	1,226.83	30.60	56.82	377.27	39.52	**1,731.04**
Capital Creditors	14.14	-	-	1.76	55.04	**70.94**
Deposit from contractors and others	0.18	1.52	3.38	0.84	4.36	**10.28**
Interest accrued but not due on loan from financial institution	392.04	-	-	-	-	**392.04**
Sundry Deposit	0.41	3.26	0.35	4.70	0.50	**09.22**

As at March 31, 2016	Less than 3 months	3-6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	1,027.22	1,163.36	1,613.82	10,813.09	77,476.65	**92,094.14**
Trade payables	892.33	35.78	58.81	100.63	82.60	**1,170.15**
Capital Creditors	0.58	24.35	-	24.14	44.24	**93.31**
Deposit from contractors and others	0.10	0.20	0.57	0.65	4.19	**5.71**
Interest accrued but not due on loan from financial institution	452.79	-	-	-	-	**452.79**
Sundry Deposit	20.77	0.18	3.34	4.15	0.73	**29.17**

As at April 1, 2015	Less than 3 months	3-6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	1,133.06	4,207.16	6,506.73	26,924.67	63,219.16	**101,990.78**
Trade payables	1,618.30	82.47	48.70	128.02	148.89	**2,026.38**
Capital Creditors	16.65	-	34.08	44.34	102.40	**197.47**
Deposit from contractors and others	0.09	0.09	0.27	0.91	3.58	**4.94**
Interest accrued but not due on loan from financial institution	492.16	-	-	-	-	**492.16**
Sundry Deposit	13.34	0.21	6.85	7.30	-	**27.70**

46. Capital management

a) Risk management

The Company's objective when managing capital are to:

(i) 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
(ii) 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, issue new shares or sell assets to reduce debt.

Company makes continuous efforts to optimise its cost of capital as during 2015-16 and 2016-17 company makes arrangements with its lenders to re-structure its borrowings which reduce the cost of capital of borrowing for the company.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net Debt (total borrowings net of cash and cash equivalents)
Divided by
Total equity (as shown in balance sheet, including non- controlling interest)

The gearing ratios were as follows:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Net Debt	74,464.36	89,162.38	100,432.42
Total equity	91,729.41	90,103.58	81,253.20
Net Debt to Equity Ratio	**0.81**	**0.99**	**1.24**

Loan covenants

Under the terms of the major borrowing facility the Group is required to comply with the following financial covenants:

(i) The Fixed Asset Coverage Ratio (FACR) must be atleast 1.2 times in any year.

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MALANA POWER COMPANY LTD. ☆

(ii) Debt Service Coverage ratio (DSCR) shall not be less than 1.2 in any year.
(iii) Total Debt to EBITDA must be less than 8 in any year.
(iv) Total Debt to Tangible Net worth must be less than 0.5 in any year (applicable only for Holding Company).
(v) Debt Service Reserve Account (DSRA) shall me maintained with a minimum balance equivalent to one- fourth of the debt servicing requirements of the ensuing financial year for all domestic borrowings and one- half of the debt service requirements for all foreign borrowings (applicable only for Subsidiary Company).

The Group has complied with these covenants throughout the reporting period and there have been no breaches in the financial covenants of any interest bearing loans and borrowings in the current period.

47. Financial instruments- accounting classification and fair value measurement

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Loans	-	-	45.88	-	-	55.18	-	-	55.36
Others	-	-	3,155.90	-	-	3,188.73	-	-	3,154.59
Trade Receivables	-	-	3,956.47	-	-	2696.38	-	-	6449.01
Cash and Cash Equivalents	-	-	13,818.54	-	-	2745.90	-	-	1,904.28
Bank Balances	-	-	4531.03	-	-	7058.97	-	-	900.43
Loan to Employees	-	-	-	-	-	-	-	-	29.62
Total Financial Assets	-	-	**25548.90**	-	-	**15,765.52**	-	-	**12,493.29**
Financial Liabilities									
Borrowings	-	-	87,890.87	-	-	91,455.48	-	-	101,844.54
Trade Payables	-	-	1,731.04	-	-	1,170.18	-	-	2,026.36
Other Financial Liabilities	-	-	79.10	-	-	580.97	-	-	722.26
Total Financial Liabilities	-	-	**89701.01**	-	-	**93,206.63**	-	-	**104,593.16**

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I. Fair value hierarchy

Particulars	Carrying amount	Fair value		
	As at March 31, 2017	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Borrowings	87,890.87	-	87,890.87	-
Others	2213.51	-	2213.51	-
Total	**90104.38**	-	**90104.38**	-
Financial assets at amortised cost:				
Loans	86.97	-	86.97	-
Others	25,461.93	-	25,461.93	-
Total	**25,548.90**	-	**25,548.90**	-
Particulars	**Carrying amount**	**Fair value**		
	As at March 31, 2016	**Level 1**	**Level 2**	**Level 3**
Financial liabilities at amortised cost:				
Borrowings	91,455.48	-	91,455.48	-
Others	1751.15	-	1751.15	-
Total	**93206.63**	-	**93206.63**	-
Financial assets at amortised cost:				
Loans	75.54	-	75.54	-
Others	15,689.58	-	15,689.58	-
Total	**15,765.12**	-	**15,765.12**	-

Particulars	Carrying amount	Fair value		
	As at April 1, 2015	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Borrowings	101,844.54	-	101,844.54	-
Others	2748.62	-	2748.62	-
Total	**104,593.16**	-	**104,593.16**	-
Financial assets at amortised cost:				
Loans	84.98	-	84.98	-
Others	12,409.93	-	12,409.93	-
Total	**12,493.91**	-	**12,493.91**	-

II. Assumptions and valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair values

i. Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

ii. Long-term variable-rate borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings approximates their carrying values.

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48. First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

(a) Exemptions availed

Ind AS 101 allows first - time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has applied the following exemptions:

i. **Carrying value as deemed cost in Property, plant and equipment**

The Group has elected to apply previous GAAP carrying amount of its plant, property and equipment as deemed cost at the date of transition to Ind AS.

ii. **Investments in subsidiary**

The Group has elected to apply previous GAAP carrying amount of its equity investment in subsidiary as deemed cost as on the date of transition to Ind AS.

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MALANA POWER COMPANY LTD. *

49. Disclosure of Specified Bank Notes (SBN)

In accordance with Minister of Corporate Affairs notification dated March 30, 2017, the details of Specified Bank Notes(SBN) held and transacted during the period from November 8,2016 to December 30. 2016 is as follow:

(Rs. In lakh)

Particulars	SBN			Other Denomination notes			Total		
	Holding Co.	Subsidiary Co.	Total	Holding Co.	Subsidiary Co.	Total	Holding Co.	Subsidiary Co.	Total
Closing cash in hand as on 08.11.2016	8.36	18.98	**27.34**	0.41	0.26	**0.67**	8.77	19.24	**28.01**
(+) Permitted receipts	-	-	-	7.54	8.92	**16.46**	7.54	8.92	**16.46**
(-) Permitted payments	-	-	-	5.45	4.99	**10.44**	5.45	4.99	**10.44**
(-) Amount deposited in Banks	8.36	18.98	**27.34**	-	-	-	8.36	18.98	**27.34**
Closing cash in hand as on 30.12.2016	-	-	-	2.50	4.19	**6.69**	2.50	4.19	**6.69**

As per our report of even date

For S. R. Batliboi& Co. LLP
ICAI Firm Registration No: 301003E/E300005
Chartered Accountants

S.R. BATLIBOI & CO. LLP * GURGAON

per AtulSeksaria
Partner
Membership No.086370

Place: NOIDA
Date : 04th May 2017

For and on behalf of the Board of Directors of
Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

TimaIyerUtne
Director
DIN:- 06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:- F7690

Place: NOIDA
Date: 04th May, 2017

MALANA POWER COMPANY LTD. ★

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts Rs. In lacs)

S.No.	Particulars	Details
1	Name of the subsidiary	AD Hydro Power Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2016 to March 31, 2017
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-
4	Share capital	56,015.28
5	Reserves & surplus	-17,173.13
6	Total assets	1,72,020.44
7	Total Liabilities	133,178.29
8	Investments	Nil
9	Turnover	20,329.55
10	Profit before taxation	252.44
11	Provision for taxation	53.87
12	Mat credit entitlement	-53.87
13	Profit after taxation	252.44
14	Proposed Dividend	Nil
15	% of shareholding	88%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations – not applicable
2. Names of subsidiaries which have been liquidated or sold during the year. – not applicable

Part "B": Associates and Joint Ventures is not applicable

As per our report of even date

For S. R. Batliboi& Co. LLP
ICAI Firm Registration No: 301003E/E300005
Chartered Accountants

S.R. BATLIBOI & CO. LLP GURGAON

per AtulSeksaria
Partner
Membership No.086370

Place: NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of
Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

TimaIyerUtne
Director
DIN:- 06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:- F7690

Place: NOIDA
Date: 04th May, 2017

MALANA POWER COMPANY LTD.

Malana Power Company Limited

50 (a) Reconciliation of Consolidated Balance Sheet as at April 1, 2015, Date of Transition to IND AS

(Amount in lakhs)

Particulars	As per IGAAP April 1, 2015	Ind AS Adjustments	As per Ind AS April 1, 2015
ASSETS			
(1) **Non - current assets**			
(a) Property, plant and equipment	174,168.28	-	174,168.28
(b) Intangible assets	0.96	-	0.96
(c) Financial assets			
(i) Loans	3,442.98	(3,373.34)	69.64
(ii) Others		3,083.06	3,083.06
(d) Other non current assets	23.01	290.28	313.29
	177,635.23	-	**177,635.23**
(2) **Current assets**			
(a) Inventories	1,170.51	-	1,170.51
(b) Financial assets			
(i) Trade receivables	6,449.01	-	6,449.01
(ii) Cash and cash equivalents	2,804.70	(900.43)	1,904.27
(iii) Loans	328.66	571.78	900.44
(iv) Bank Balances (other than ii above)		15.34	15.34
(v) Others		71.52	71.52
(c) Other current assets	1,216.16	(904.57)	311.59
	11,969.04	**(1,146.36)**	**10,822.68**
Asset held for sale	-	1,146.36	1,146.36
Total assets	**189,604.27**	-	**189,604.27**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	14,752.57	-	14,752.57
(b) Other equity	62,183.75	128.71	62,312.46
Non-controlling interest	4,170.62	17.54	4,188.16
	81,106.94	**146.25**	**81,253.19**
LIABILITIES			
(1) **Non - current liabilities**			
(a) Financial liabilities			
(i) Borrowings	90,143.84	(146.25)	89,997.59
(ii) Others		-	
(b) Provisions	186.31	0.00	186.31
(c) Deferred tax liability	3,132.78	-	3,132.78
(d) Other non-current liabilities		-	
	93,462.93	**(146.25)**	**93,316.68**
(2) **Current liabilities**			
(a) Financial liabilities			
(i) Trade payables	2,026.38	-	2,026.38
(ii) Others		12,569.22	12,569.22
(b) Other current liabilities	12,800.79	(12,569.22)	231.57
(c) Provisions	207.23	(136.83)	70.40
(d) Current tax liability		136.83	136.83
	15,034.40	-	**15,034.40**
Total Equity & Liabilities	**189,604.27**	-	**189,604.27**

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO
Place : NOIDA
Date : 04th May, 2017

Arvind Gupta
Company Secretary
M.No.:-F7690

S.R. BATLIBOI & CO. LLP GURGAON

MALANA POWER COMPANY LTD.

Malana Power Company Limited
50 (b) Reconciliation of Consolidated Balance Sheet as at March 31, 2016

(Amount in Lakhs)

Particulars	As per IGAAP March 31, 2016	Ind AS adjustments	As per Ind AS March 31, 2016
ASSETS			
(1) **Non - current assets**			
(a) Property, plant and equipment	167,664.32	-	167,664.32
(b) Intangible assets	0.96	-	0.96
(c) Financial assets			
(i) Loans	4,275.14	(4,218.47)	56.67
(ii) Others	-	3,083.01	3,083.01
(d) Other non current assets	23.01	1,135.46	1,158.47
	171,963.43	-	**171,963.43**
(2) **Current assets**			
(a) Inventories	1,157.05	-	1,157.05
(b) Financial assets			-
(i) Trade receivables	2,696.36	-	2,696.36
(ii) Cash and cash equivalents	9,804.86	(7,058.96)	2,745.90
(iii) Loans	330.50	6,728.47	7,058.97
(iv) Bank Balances (other than ii above)		18.87	18.87
(v) Others		105.70	105.70
(c) Other current assets	1,246.67	(940.44)	306.23
	15,235.44	**(1,146.36)**	**14,089.08**
Asset held for sale	-	1,146.36	1,146.36
Total assets	**187,198.87**	-	**187,198.87**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	14,752.57	-	14,752.57
(b) Other equity	70,192.63	529.94	70,722.57
Non-controlling interest	4,568.90	59.58	4,628.48
	89,514.10	**589.52**	**90,103.62**
LIABILITIES			
(1) **Non - current liabilities**			
(a) Financial liabilities			
(i) Borrowings	87,090.19	(638.69)	86,451.50
(b) Provisions	180.32	-	180.32
(c) Deferred tax liability	3,402.10	49.17	3,451.27
(d) Other non-current liabilities		-	
	90,672.61	**(589.52)**	**90,083.09**
(2) **Current liabilities**			
(a) Financial liabilities			
(i) Trade payables	1,170.15	-	1,170.15
(ii) Other financial liabilities	-	5,584.91	5,584.91
(b) Other current liabilities	5,710.46	(5,584.91)	125.55
(c) Provisions	131.55	(77.62)	53.93
(d) Current tax liability	-	77.62	77.62
	7,012.16	-	**7,012.16**
Total Equity & Liabilities	**187,198.87**	-	**187,198.87**

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 04th May, 2017

S.R. BATLIBOI & CO. LLP GURGAON

MALANA POWER COMPANY LTD.

Malana Power Company Limited

50 (c) Statement of Consolidated Profit and Loss for the year ended 31.03.2016

(Amount in Lakhs)

	Particulars	As per IGAAP March 31, 2016	Ind AS adjustments	As per Ind AS March 31, 2016
I	Revenue from operations	29,648.36	604.93	30,253.29
II	Other income	7,337.01	(0.00)	7,337.01
III	Total income (I + II)	36,985.37	604.93	37,590.30
IV	Expenses			
	Wheeling Cost	272.10	-	272.10
	Bulk power transmission charges	1,368.85	-	1,368.85
	Open access charges	1,049.64	557.10	1,606.74
	Employee benefits expenses	2,135.13	13.62	2,148.75
	Finance costs	10,945.15	(492.41)	10,452.74
	Depreciation and amortization expenses	6,552.64	-	6,552.64
	Other expenses	2,830.77	47.83	2,878.60
	Total expenses	25,154.28	126.14	25,280.42
V	Profit / (loss) before exceptional items and tax (I - IV)	11,831.09	478.79	12,309.88
VI	Exceptional items	2,124.00		2,124.00
VII	Profit / (loss) before tax (V - VI)	9,707.09	478 79	10,185.88
VIII	Tax expense			
	(1) Current tax	1,513.86	-	1,513.86
	Less: MAT Credit entitlement	(483.24)	-	(483.24)
	(2) Deferred tax	269.32	49.17	318.49
		1,299.94	49.17	1,349.11
IX	Profit / (loss) from operations (VII - VIII)	8,407.15	429.62	8,836.77
X	Minority interest	398.28	42.09	440.37
XI	Profit after minority interest	8,008.87	387.53	8,396.40
XIV	Other comprehensive income			
	A (i) Items that will not to be reclassified to profit or loss:	-	13.62	13.62
	(ii) Income tax relating to items that will not be reclassfied to profit or loss	-	-	-
	B (i) Items that will be reclassified to profit or loss:	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
		-	13.62	13.62
	Other comprehensive inocme attributable to MPCL		13.67	13.67
	Non-controlling interest		(0.05)	(0.05)
	Total comprehensive income for the period	8,407.15	443.24	8,850.39
	Total comprehensive income attributable to MPCL	8,008.87	401.20	8,410.07
	Non-Controlling interest	398.28	42.04	440.32

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

S.R. BATLIBOI & CO. LLP * GURGAON *

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO
Place : NOIDA
Date : 04th May, 2017

Arvind Gupta
Company Secretary
M.No.:-F7690

MALANA POWER COMPANY LTD. *

Malana Power Company Limited
50 (d)
Profit Reconciliation

	As at March 31, 2016
Profit as IGAAP	8,407.15
Adjustment on account of upfront fee amortisation on loans from banks and financial institutions	492.41
Adjustment on account of deferred tax	(49.17)
Adjustment on account of actuarial gain/loss	(13.62)
Profit as Ind AS	**8,836.77**

Other Equity Reconciliation

	As at April1, 2015	As at March 31, 2016
Reserves Balance	66,354.37	74,761.53
Ind AS adjustments:		
Adjustment on account of upfront fee amortisation on loans from banks and financial institutions	146.25	638.69
Adjustment on account of deferred tax		(49.17)
Reserves closing balance	**66,500.62**	**75,351.06**

50 (e) Footnotes

A. Other Financial assets
Under Indian GAAP, there was no such concept of financial assets or liabilities. Under Ind AS, financial assets and financial liabilities has been classified as per Ind AS 109 read with Ind AS 32

B. Defined benefit obligation
Both under Indian GAAP and Ind AS, the company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by Rs. 14.03 lakhs and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

C. Interest bearing loans and borrowings
Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

D. Deferred Tax
Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.
In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings.

E. Other comprehensive income
Under Indian GAAP, the company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

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

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 04th May, 2017

S.R. BATLIBOI & CO. LLP * GURGAON

For and on behalf of the Board of Directors of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO
Place : NOIDA
Date : 04th May, 2017

Arvind Gupta
Company Secretary
M.No.:-F7690

MALANA POWER COMPANY LTD. *