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easy

Meghalaya Power Limited
Annual report **2013-14**

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Corporate information

Board of Directors

Mr. Sanjay Kumar Agarwal, Managing Director
Mr. Sajjan Bhajanka, Director
Mr. Brij Bhushan Agarwal, Director
Mr. Mangi Lal Jain, Director
Mr. Rangbahaduh Khonglah, Director
Mr. Lamshwa Kyndoh, Director

Auditors

Kailash B. Goel & Co.
Chartered Accountants
70, Ganesh Chandra Avenue, 1st Floor
Kolkata – 700 013

Bankers

State Bank of India
Bank of Baroda

Registered Office & Works

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

Corporate Office

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

Corporate Identity Number (CIN)

U40108ML2002PLC006921



Directors' report

Dear Members,

Your Directors have pleasure in presenting the Twelfth Annual Report, together with Audited Financial Accounts as at 31st March, 2014.

FINANCIAL RESULTS

The highlights of the financial performance for the financial year ended 31st March, 2014 as compared to the previous year are as under:

	(₹ in Lacs)	
PARTICULARS	2013-14	2012-13
Net Sales/Income	8,606.48	4,146.76
Profit before Depreciation, Interest, Tax and Exceptional items	4,086.67	1,226.87
Exceptional items	0.38	(63.13)
Profit before Depreciation, Interest and Tax	4,087.05	1,163.74
Depreciation	(2,773.93)	(608.70)
Interest & Finance Charges	(1,028.83)	(425.82)
Profit/(Loss) before Tax	284.29	129.22
-Current Tax	(57.70)	(24.88)
Less: MAT Credit entitlement	-	24.88
-Net Current Tax	(57.70)	-
-Deferred Tax	(50.78)	(75.09)
-MAT Credit Entitlement for earlier years	(24.88)	-
-Income Tax for earlier year	0.40	-
Profit/(Loss) after Tax	151.33	54.13

PERFORMANCE OF THE COMPANY

During the FY 2013-14, your company has been able to further consolidate its operations. With expanded capacity, power generation has increased to 1465.74 Lac Units during the year under review as against 710.70 Lac Units generated in the previous year. Auxiliary consumption during the year under review has increased to 14.68% as against 10.56% during the immediate previous year mainly on account of stabilization of operations.

Your Company has posted Profit before tax of ₹284.29 Lacs and Profit after tax of ₹151.33 Lacs during the financial year 2013-14 as against Profit before tax of ₹129.22 Lacs and Profit after Tax of ₹54.13 Lacs during the financial year 2012-13.

INDUSTRY OUTLOOK

Being one of the fastest growing economies and the second largest populated country, India represents an attractive destination for the power industry. Rapid urbanization and growing working age population has created a strong demand for electricity and the rising consumption of energy consolidates the fact. According to 18th Electric Power Survey, all India Energy requirements in FY17 is estimated to be 1354.5 billion units (BUs) and the peak power demand is estimated to be 199.5 GWs. In FY15, all India energy requirements are estimated to increase to 1153 billion units up from current 984 billion units.

Despite various reform measures and policies being implemented by the Central and State Governments for improvement of power sector in India, the actual situation has remained grim and the demand continued to outstrip supply. Moreover, the sector has been plagued with inadequate / depleting conventional fuel resources, slippages in capacity addition, transmission and open access constraints and high Aggregate Technical & Commercial (AT & C) losses in the

country, which leaves most of states in India power starved. Though the monthly average power deficit in fiscal 2013-14 was 4.6% as compared to 8.7% for the preceding year, the reluctance of state electricity boards (SEBs) to buy power because of their financial constraints creates another hurdle for power producers and has led many power producers to operate at sub-optimal capacities, adding pressure to their profitability. The CERC regulations on tariff for FY 15-19, have brought some relief to the private power generation companies by changing the norms for operating and maintenance (O&M) expenses marginally. Private Power generators are also given permission to raise tariffs under the said regulations. All these are welcome measures and will benefit private power generators in releasing pressure on their margins.

Power scenario in Meghalaya is in line with the rest of the power deficit states in the country with the ever increasing demand for power in the State creating a huge gap over supply of power. Most of the power projects started in the state are yet to stabilise their operations and are not able to cater to the surge in demand for power due to rapid industrialization and urbanization of the State. Though the state has seen a growth in investment in power projects in recent years, most of these projects are hydro power based projects, which are again subject to vagaries of weather affecting their operational efficiency. The State government has initiated lot of steps to improve the power availability in the state but their impacts are yet to materialise. The shortage of supply of power coupled with increasing day to day demand for power provides ample opportunity for the power plant of the Company in the state.

DIVIDEND

In view of inadequacy of profits and conservation of resources for future requirements, your directors do not recommend any dividend for the year under review.



DEPOSITS

The Company has not accepted any deposits during the financial year under review within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

CORPORATE CITIZENSHIP

The Company has a well-defined Corporate Social Responsibility structure in place and has aligned its business objectives with the interest and welfare of community and villages within the vicinity of our plants. During the year under review, the Company has undertaken projects for growth of educational opportunities in the local villages. The Company continued maintaining street lighting system of the village and has also contributed to the village welfare fund. The Company looks forward to actively engage with various other social projects in the village related to promotion of health care, safety and human development.

AUDITORS' REPORT

The Notes to Accounts forming part of the financial statements are self-explanatory and need no further explanation.

Other observations made in the Auditors' Report are self-explanatory and as such do not call for any further explanation under section 217(3) of the Companies Act, 1956.

AUDITORS

M/s. Kailash B. Goel & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company. Being eligible, they have offered themselves for re-appointment and have confirmed that their appointment, if made, will be in accordance to the provisions of under section 141 read with section 139 of the Companies Act, 2013. In terms of requirement of Section 177 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Audit Committee of the company in their meeting dated 17th of May, 2014 has recommended their appointment as Statutory Auditors for the year 2014-15 to Board of Directors. Members are requested to approve and ratify the appointment. Members are also requested to empower the Board of Directors for fixation of Auditor's Remuneration.

COST AUDITORS

During the year under review, the Company was required to obtain a cost compliance certificate as per the requirements of Company (Cost Accounting Record) Rules, 2011. Your Company has obtained a cost compliance certificate from M/s B.G. Choudhury & Co., Practising Cost Accountants and filed the same with the Authorities on 24th of September, 2013.

HOLDING COMPANY

Your Company continues to remain a subsidiary of M/s Cement Manufacturing Company Limited which holds 51% of the paid up equity share capital of your Company.

Your Company continues to have long term power supply agreement with its holding Company for supply of power to the holding Company and its other subsidiaries.

DIRECTORS

Mr. Prem Kumar Bhajanka, Director of the Company retire by rotation and being eligible, offers himself for re-appointment. Mr. Sanjay Kumar Agarwal was appointed as an Additional Director as well as Managing Director of the Company during the year under review. The Board recommends their appointment at the ensuing Annual General Meeting of the Company.

None of the Directors of the Company are disqualified from being appointed as Directors pursuant to Section 164 (1) and (2) of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are not required to be provided by the Company as none of its employees were in receipt of remuneration exceeding the limits specified therein.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as amended, the Board of Directors hereby confirms that –

1. in the preparation of Annual Accounts for the year ended 31st March, 2014, the applicable Accounting Standards have been followed and that there have been no material departures.

2. the Directors have selected such Accounting Policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the Statement of Profit & Loss and Cash Flow of the Company for the year ended 31st March, 2014.
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the directors have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's responsibilities, an Audit Committee has been constituted by the Board. The Audit Committee is responsible for the effective supervision of the financial reporting processes to ensure accurate, timely and proper disclosures with transparency, integrity and quality of financial reporting. The composition of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956. However, the Audit Committee shall be reconstituted as per the requirements of Section 177 (2) of the Companies Act, 2013 within the stipulated time frame. The Audit Committee of the Company comprises of Mr. Prem Kumar Bhajanka, Mr. Sajjan Bhajanka and Mr. Brij Bhushan Agarwal. The Statutory and Internal Auditors of your Company are permanent invitees to the Audit Committee meetings.

During the financial year ended 31st March, 2014, the Audit Committee of the Company met on 19th of April, 2013, 17th of July, 2013, 28th of October, 2013 and 8th of January, 2014.

The Audit Committee so constituted advises the management on the areas where internal audit can be improved. The Minutes of the Meeting of the Audit Committee are placed before the Board. The Committee is endowed with powers to review findings of any internal investigations by the internal auditors

into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

SAFETY

Your Company has put in place various safety measures for maintaining high standards of occupational health and safety at its unit. Workshops on safety measures are conducted on a regular basis to ingrain the philosophy of "safety first" amongst the employees and workers of the Company. Awareness on safety measures is also spread through regular interactions with the stakeholders through quiz competitions, elocution on safety, paintings and other methods.

PERSONNEL

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

ACKNOWLEDGEMENT

Your directors wish to acknowledge and are grateful for continuous support received from the shareholders, banks, dealers, suppliers and other stakeholders. Your directors recognize and appreciate the hard work and efforts put in by all the employees of the Company and their contribution towards the progress of the organization.

For and on behalf of the Board of Directors

Sanjay Kumar Agarwal **Brij Bhushan Agarwal**
Managing Director *Director*

Place: Kolkata
Date: 17th May, 2014



Annexure to Directors' Report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES(DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2014

A. CONSERVATION OF ENERGY

Following Energy Conservation Measures were undertaken during the year under review :

1. Optimization in operation of Electronic and Governor System.
2. Optimization of Coal Mix.
3. Water Cooled Packaged Air Conditioning System Commissioned.
4. Optimization of Coal Feeding Management System.
5. Better Practices adopted in Storage of Coal.

B. TECHNOLOGY ABSORPTION

1. Optimization in operation of Electronic and Governor System has brought improvement in stability of plant operations.
2. Optimization of Coal Mix has resulted into saving on cost.
3. Use of Water Cooled Packaged Air Conditioning System has resulted into saving on energy consumption in Air Conditioning System.
4. Change in Coal Storage and Feeding Management system has resulted into reduction in handling cost and also reduced handling losses.

Future Plans of Action

1. Installation of Variable Fan Drives for ACC Fans.
2. Reduction in Power Tripping.
3. Installation of Fly Ash Conveying System.
4. Modification of Ash Conveying System.
5. Installation of CHP Crusher and Vibrating Screen.
6. Optimization of proactive Preventive Maintenance System
7. Installation of Auto Drain Valve in Compressed Air System.

Your Company believes in the principal of evolution with the use of technology and has adopted any new advent in technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

		(₹ in Lacs)
Particulars	2013-14	2012-13
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	2878.38	1671.34

Independent Auditors' Report

To
The Members Of
Meghalaya Power Limited

Report on the Financial Statement

We have audited the accompanying financial statements of Meghalaya Power Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and 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 Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 read with General Circular No 15/2013 dated 13th September, 2013, issued by Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. 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 of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments; the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) we have 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 appears from our examination of those books;
 - (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For KAILASH B. GOEL & CO.

Firm Registration No. 322460E
Chartered Accountants

CA. Arun Kumar Sharma
Partner

Membership No. 057329

Place: Kolkata

Date : 17th May, 2014



Annexure to Independent Auditors' Report

Annexure referred to in Paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) The fixed assets of the company are physically verified by management according to a phased programme on a rotational basis, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
(c) During the year the Company has not disposed off a substantial part of its Fixed Assets and therefore do not affect the going concern assumption.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of Inventory as compared to book records.
3. (a) The Company has granted unsecured loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹259 lacs and there is no outstanding balance at the year end.
(b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and condition on which loan has been given are not, prima facie, prejudicial to the interest of the Company.
(c) There was no stipulation for repayment of the above loan but the same was stated to be repayable on demand. The receipt of interest on such loan has been regular and the loan was fully received back during the year.
(d) According to information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the order are not applicable to the company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and other services. During the course of our audit, no major weakness has been noticed in these internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) According to the information and explanations given to us, the transaction made in pursuance of such contracts and arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine that they are accurate.
9. (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, VAT, Excise Duty, Cess and other material statutory dues applicable to it. There were no arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, and the records of the Company examined by us, the particulars of disputed taxes and duties as at March 31, 2014 which have not been deposited, are as under :

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which amount relates	Forum Where dispute is pending
Department of Forest & Mining	Royalty on Coal	568.64	01.10.2012 to 31.03.2014	Directorate of Mineral Resources, Meghalaya
Meghalaya Electricity Duty Act, 1964	Electricity Duty	104.77	01.04.2009 to 31.03.2014	Government of Meghalaya, Office of Superintendent of Taxes, Jaintia Hills, District Jowai.

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. According to the information and explanation given to us and on the basis of the records examined by us, the Company has not defaulted in repayment of dues to financial institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments, therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. According to the information and explanation given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
20. The Company has not raised any money through public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For KAILASH B. GOEL & CO.
Firm Registration No. 322460E
Chartered Accountants

CA. Arun Kumar Sharma
Partner

Membership No. 057329

Place: Kolkata
Date : 17th May, 2014



BALANCE SHEET AS AT 31ST MARCH 2014

		(₹ in Lacs)	
	Notes	31.03.2014	31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	1,713.06	1,713.06
Reserves and Surplus	2.2	7,536.80	7,385.47
		9,249.86	9,098.53
Non-current Liabilities			
Long - Term Borrowings	2.3	14,345.06	16,978.92
Deferred Tax Liabilities (Net)	2.4	106.83	56.05
Other Long -Term Liabilities	2.5	1,013.91	893.72
Long -Term Provisions	2.6	3.86	3.23
		15,469.67	17,931.91
Current Liabilities			
Short -Term Borrowings	2.7	2,264.50	738.29
Trade Payables		302.59	219.90
Other Current Liabilities	2.8	3,654.60	2,513.69
Short -Term Provision	2.9	31.20	-
		6,252.89	3,471.88
Total		30,972.42	30,502.32
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	2.10	18,687.41	19,770.93
Capital Work in Progress (including Project Expenses)		6,645.31	5,723.43
		25,332.72	25,494.35
Long Term Loans and Advances	2.11	131.87	1,635.89
Current Assets			
Inventories	2.12	2,545.87	2,694.90
Trade Receivables	2.13	1,008.87	283.88
Cash and Cash Equivalents	2.14	67.77	61.29
Short Term Loans and Advances	2.15	1,885.33	332.01
		5,507.84	3,372.08
Total		30,972.42	30,502.32
Significant Accounting Policies and Notes on Accounts	1 & 2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kailash B. Goel & Co.
Firm Registration No.: 322460E
Chartered Accountants

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Sanjay Kumar Agarwal
Managing Director

Brij Bhushan Agarwal
Director

Place: Kolkata
Date: 17th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014			(₹ in Lacs)
	Notes	2013-14	2012-13
INCOME			
Revenue from Operations (Gross)	2.16	8,607.01	4,146.97
Less: Excise Duty		3.69	0.33
Revenue from Operations (Net)		8,603.32	4,146.64
Other Income	2.17	3.17	0.12
Total Revenue		8,606.48	4,146.76
EXPENSES			
Power Inventory (Increase)		(687.15)	-
Employee Benefit Expenses	2.18	496.85	193.22
Finance Costs	2.19	1,028.83	425.82
Depreciation and Amortization Expenses		2,773.93	608.70
Other Expenses	2.20	4,710.12	2,726.66
TOTAL EXPENSES		8,322.57	3,954.41
Profit before exceptional and extraordinary items and tax		283.91	192.35
Exceptional Items	2.21	0.38	63.13
Profit / (Loss) before Tax		284.29	129.22
Tax Expenses			
- Current Tax		57.70	24.88
Less: MAT Credit entitlement		-	(24.88)
- Net Current Tax		57.70	-
- Deferred Tax		50.78	(75.09)
- MAT Credit entitlement for earlier year		24.88	-
- Income Tax for earlier year		(0.40)	-
Profit / (Loss) for the Period		151.33	54.13
EARNINGS PER EQUITY SHARE (face value of ₹10/- each) (refer Note 2.27)			
Basic Earning per share		0.88	0.32
Diluted Earning per share		0.88	0.32
Significant Accounting Policies and Notes on Accounts	1 & 2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Kailash B. Goel & Co.
Firm Registration No.: 322460E
Chartered Accountants

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Sanjay Kumar Agarwal
Managing Director

Brij Bhushan Agarwal
Director

Place: Kolkata
Date: 17th May, 2014



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014		(₹ in Lacs)
Particulars	31.03.2014	31.03.2013
Cash flow from Operating Activities		
Net Profit / (Loss) before tax and Exceptional Items	283.91	192.35
Adjustments for :		
Depreciation	2773.93	608.70
Unrealised Foreign Exchange Gain / (Loss) - Net	-	(60.41)
Gain / (Loss) on sale of Assets		(2.72)
Interest Income	(1.50)	(0.12)
Interest Expenses	1028.83	272.49
Income tax for earlier years	-	-
Provision for Gratuity & Leave Encashment	-	0.04
Provision for Income Tax	-	-
Operating Profit before Working Capital changes	4085.17	1010.33
Adjustments for :		
Trade receivables	(724.99)	(110.31)
Inventories	149.03	(1013.50)
Other receivables	(49.30)	627.56
Other payable (Including Trade Payable)	1255.44	1366.10
Cash Generated from Operations	4715.35	1880.18
Direct Taxes Paid	(82.18)	-
Net cashflow from Operating Activities (A)	4633.18	1880.18
Cash flow from Investing Activities		
Purchase of Fixed Assets (Including WIP) - Net	(1431.82)	(5579.34)
Interest Received	1.50	0.12
Net Cash used in investing Activities (B)	(1430.32)	(5579.22)
Cash Flow from Financing Activities		
Interest Paid	(1028.83)	(272.49)
Proceeds from issue of share Capital (Including Share Application)	-	-
Capital Reserve	-	7.30
Proceeds from / (Repayment of) Long Term Borrowings	(3813.95)	2607.95
Proceeds from / (Repayment of) Other Long Term Liabilities	120.19	-
Proceeds from / (Repayment of) Short Term Borrowings	1526.21	129.12
Net Cash used in Financing Activities (C)	(3196.37)	2471.88
Net Increase/(decrease) in cash and cash equivalents (A + B + C)	6.48	(1227.16)
Cash and Cash Equivalents		
Opening Balance	61.29	1288.45
Closing Balance	67.77	61.29

* Excluding notional foreign exchange loss of ₹1180.09 lacs capitalized/reduced in accordance with para 46A of AS-11.

As per our report of even date

For Kailash B. Goel & Co.
Firm Registration No.: 322460E
Chartered Accountants

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Sanjay Kumar Agarwal
Managing Director

Brij Bhushan Agarwal
Director

Place: Kolkata
Date: 17th May, 2014

Note to financial statements for the year ended 31st March 2014

Corporate Information

Meghalaya Power Limited (the company) is a public limited company domiciled in India and incorporated on 4th October, 2002 under the provisions of Companies Act, 1956. The company is engaged in the generation and sale of power. The power plant is located at Lumshnong, Meghalaya.

1. Significant Accounting Policies

1.1 Basis of Preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply with all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular No.15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern.

The accounting policies have been consistently applied by the company and except for the changes in accounting policy discussed below, are consistent with those used in previous year.

1.2 Use of Estimates

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

1.3 Fixed Assets

Fixed Assets are stated at their cost of acquisition, installation or construction (net of Cenvat credit and other recoverable, wherever applicable) less accumulated depreciation, amortization and impairment losses, except freehold land which is carried at cost. Cost comprises the purchase price, installation and attributable cost of bringing the asset to working condition for its intended use. The Company has adopted the provisions of Para 46A of AS-11 "The Effects of Changes in Foreign Exchange Rates", accordingly exchange differences arising on restatement/settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

1.4 Capital Work In Progress

Capital work in progress is carried at cost comprising direct cost and pre-operative expenses during construction period to be allocated to the fixed assets on the completion of construction.

1.5 Depreciation

Depreciation on Fixed Assets is provided on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Continuous process plants are identified based on a technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of put to use, and in the case of a new project, the same is provided on a pro-rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided up to the date on which the said asset is sold, discarded, demolished or scrapped. Depreciation on amount capitalized pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' is provided over the balance useful life of depreciable capital assets. In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

1.6 Investments

Current Investments are stated at lower of cost and market value. Long-term investments are stated at cost after deducting provisions for permanent diminution in the value, if any.

1.7 Inventories

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



Note to financial statements for the year ended 31st March 2014 (Contd.)

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

Cost of Inventories is computed on weighted average basis.

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

1.8 Retirement Benefits

(i) Defined Contribution Plan

Employees benefits in the form of provident fund, ESIC and other labour welfare fund are considered as defined contribution plan and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan

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

(iii) Other Long-term benefits

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

Actuarial gain/losses, if any, are recognized in the statement of Profit & Loss.

1.9 Revenue Recognition

Revenue from Power Supply are accounted for on net unit exported on accrual basis. Sales of flyash are recorded on dispatch to the customer and include excise duty and other taxes and are net of discount, rebates, and returns.

1.10 Borrowing Cost

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

1.11 Expenditure During Construction Period

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

1.12 Foreign Currency Transactions & Balances

Foreign Transactions in foreign currencies entered into by the Company are accounted at the exchanges rates prevailing on the date of the transactions. Exchange differences arising on settlement /restatement of short-term foreign currency monetary assets and liabilities of the Company are recognized as income or expenses in the Statement of Profit and Loss. All long term foreign currency monetary items consisting of liabilities which relate to acquisition of depreciable capital assets at the end of the period/ year are restated at the rate prevailing at the Balance Sheet date. The exchange difference arising as a result is added to or deducted from the cost of the assets in accordance with para 46A of Accounting Standard-11, 'The Effects of Changes in Foreign Exchange Rates'. Profit/Loss arising out of cancellation of forward contracts is taken to revenue in the year of cancellation.

1.13 Taxes on Income

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

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized and carried forward for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The deferred tax in respect of timing differences which originate during the tax holiday period and is likely to reverse during the tax holiday period, is not recognized to the extent

Note to financial statements for the year ended 31st March 2014 (Contd.)

income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act 1961. Deferred tax assets / liabilities are reviewed at each Balance Sheet date based on developments during the year to reassess realization / liabilities.

Minimum Alternate Tax (MAT) paid in the year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. The company reviews the carrying amount of MAT at each reporting date and writes down MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

1.14 Provisions and Contingencies

A Provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimates of the amount required to settle the obligation at the Balance Sheet date. Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to accounts.

Contingent Assets are neither recognized nor disclosed in the financial statements.

1.15 Impairment of Assets

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

1.16 Government Grants/Subsidies

Government grant/subsidies are recognized when there is reasonable certainty that the same will be received. Revenue grants which are received by way of recoupment/reimbursement of any items of expenses are recognized in the Profit & Loss Account by reducing the same from the respective items of expenses. Capital grants/subsidies are credited to respective fixed assets where it relates to specific fixed assets. Other Capital grants/subsidies are credited to the Capital reserve.

1.17 Cash & Cash Equivalents

Cash and cash equivalent comprise cash and cash on deposit with banks and corporations. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.18 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.



Note to financial statements for the year ended 31st March 2014 (Contd.)

	31.03.2014	31.03.2013
	(₹ in Lacs)	
2.1 - Share Capital		
Authorised Capital	2,000.00	2,000.00
Equity shares of ₹10/- par value 2,00,00,000 (2,00,00,000 as at 31st March, 2013) equity shares		
Issued, Subscribed & fully Paid -up	1,713.06	1,713.06
Equity shares of ₹10/- par value 1,71,30,620 (1,71,30,620 as at 31st March, 2013) equity shares		
	1,713.06	1,713.06
a) Terms/ rights attached to equity shares		
The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pay dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of Interim Dividend.		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
b) Reconciliation of No. of shares outstanding at the beginning and at the end of the reporting period		
Equity Shares	No. of Shares	No. of Shares
At the beginning of the year	17130620	17130620
Issued during the year	-	
Outstanding at the end of the year	17130620	17130620
c) Shares held by holding / ultimate holding company		
Out of equity shares issued by the company, shares held by its holding company and ultimate holding company are as below:		
Cement Manufacturing Co. Ltd., the holding company	8736620	8736620
Star Ferro & Cement Limited, the ultimate holding company	8358998	8358998
	17095618	17095618
d) Details of Shareholders holding more than 5% shares in the company	No. of Shares (% of holding)	No. of Shares (% of holding)
Cement Manufacturing Company Limited, holding company	8736620	8736620
	51.00%	51.00%
Star Ferro & Cement Limited, ultimate holding company	8358998	8358998
	48.80%	48.80%

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

	31.03.2014	31.03.2013
	(₹ in Lacs)	
2.2 - Reserves & Surplus		
Capital Reserve		
Balance as per last account	1,446.89	1,439.59
Addition / (Deduction) during the year	-	7.30
Closing Balance	1,446.89	1,446.89
Securities Premium		
Balance as per the last financial statement	5,232.25	5,232.25
Addition during the year	-	-
Closing Balance	5,232.25	5,232.25

Note to financial statements for the year ended 31st March 2014 (Contd.)

		(₹ in Lacs)
2.2 - Reserves & Surplus (contd.)	31.03.2014	31.03.2013
Surplus as per statement of Profit & Loss		
Balance as per the last financial statements	706.33	652.20
Profit / (Loss) for the year	151.33	54.13
Net Surplus in the statement of Profit and Loss	857.66	706.33
	7,536.80	7,385.47

		(₹ in Lacs)
2.3 - Long Term Borrowings	31.03.2014	31.03.2013
Term Loans		
Rupee Loan from a bank (Secured)	2,529.24	2,688.91
Foreign Currency loan from Banks (Secured)	14,383.44	14,902.87
Loans and Advances from Related Parties (Unsecured)	-	1,550.00
	16,912.68	19,141.78
Other Loans & Advances		
-Hire Purchase Finance from banks (Secured)	38.99	
Less: Current Maturities of long term borrowing	2,606.60	2,162.86
	14,345.06	16,978.92

Notes:

- 1) Rupee Term Loan of ₹2,529.24 lacs from a bank is repayable in further 24 unequal quarterly installments ending on March 2020.
- 2) Foreign currency loan of ₹12,065.03 lacs from a bank is repayable in further 23 unequal quarterly installments ending on December 2019.
- 3) Foreign currency loan of ₹2,318.40 lacs from a bank is repayable in further 12 unequal quarterly installments ending on March 2017.
- 4) Term Loans from banks are secured by pari passu first charge on the fixed assets and pari passu second charge on the current assets of the company's power plants at Lumshnong, Meghalaya. Further, the loan has been guaranteed by personal guarantee of some of the Directors of the Company.
- 5) Hire Purchase Finance is secured by hypothecation of respective vehicles and is repayable within three years.
- 6) The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

		(₹ in Lacs)
2.4 - Deferred Tax Liabilities (Net)	31.03.2014	31.03.2013
Deferred Tax Liability		
Fixed Assets	108.08	325.24
Deferred Tax Assets		
Business Loss Carry Forward	-	267.42
Leave Encashment	1.25	1.05
Preliminary Expenses	-	0.73
	106.83	56.05

		(₹ in Lacs)
2.5 - Other Long-Term Liabilities	31.03.2014	31.03.2013
Retention Money	654.91	836.86
Creditors for Capital goods	133.72	24.58
Security Deposit	225.29	32.28
	1,013.91	893.72



Note to financial statements for the year ended 31st March 2014 (Contd.)

		(₹ in Lacs)
2.6 - Long-Term Provisions	31.03.2014	31.03.2013
Provisions for Employee Benefits		
Leave Encashment	3.86	3.23
	3.86	3.23

		(₹ in Lacs)
2.7 - Short-Term Borrowings	31.03.2014	31.03.2013
Working Capital Facilities from Banks		
Cash credit (Secured)	2,264.50	738.29
	2,264.50	738.29

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

		(₹ in Lacs)
2.8 - Other Current Liabilities	31.03.2014	31.03.2013
Current Maturities of long-term borrowings	2,606.60	2,162.86
Interest accrued but not due on borrowings	6.29	-
Other Payables		
Statutory Liabilities	708.71	255.00
Salary and Bonus to employees	19.89	15.52
Other Liabilities	313.11	80.32
	3,654.60	2,513.69

		(₹ in Lacs)
2.9 - Short Term Provision	31.03.2014	31.03.2013
Provision for taxation, net of Advance Tax	31.20	-
	31.20	-

(₹ in Lacs)										
2.10 - Tangible Assets										
Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2013	Additions	Deduction / Adjustment	Total as on 31-03-2014	Upto 31.03.2013	During the Year	Adjustment	Total as on 31-03-2014	As on 31.03.2014	As on 31.03.2013
Land & Site Development	607.42	-	-	607.42	-	-	-	-	607.42	607.42
Factory Building	2,862.17	152.67	-	3,014.84	276.56	258.60	-	535.16	2,479.68	2,585.61
Non-Factory Building	312.09	16.96	-	329.05	20.39	14.59	-	34.98	294.08	291.70
Plant and Machinery	17,333.20	1,400.67	-	18,733.87	1,673.01	2,384.15	-	4,057.16	14,676.72	15,660.19
Other Assets	131.15	-	-	131.15	14.39	16.24	-	30.63	100.52	116.76
Fire Fighting Equipments	3.38	-	-	3.38	1.38	0.28	-	1.66	1.72	2.00
Electrical Installations	534.80	36.86	-	571.67	138.88	61.08	-	199.95	371.71	395.93
Vehicles (Heavy)	82.02	56.78	-	138.80	62.17	18.79	-	80.96	57.84	19.85
Vehicles (Light)	26.80	11.65	8.30	30.15	15.26	5.36	6.51	14.10	16.05	11.54
Office Equipments	7.97	0.99	-	8.96	3.86	1.00	-	4.86	4.10	4.11
Computers	14.36	1.97	-	16.33	11.71	1.45	-	13.15	3.18	2.65
Furniture & Fixtures	9.96	1.19	0.47	10.68	7.71	0.68	0.27	8.12	2.56	2.25
Tools & Tackles	88.19	4.68	-	92.87	27.68	9.28	-	36.96	55.92	60.51
Laboratory Equipments	15.44	7.97	-	23.42	5.05	2.45	-	7.49	15.92	10.40
					-	-	-			
Total	22,028.95	1,692.40	8.77	23,712.58	2,258.03	2,773.93	6.79	5,025.17	18,687.41	19,770.93
Previous Years Figures	5,447.74	16,595.90	14.69	22,028.96	1,648.30	619.38	9.66	2,258.03	19,770.93	3,799.44

Depreciation for the year NIL, (31.03.2013 - ₹140.09 Lacs capitalised as Project Expenses).

Note to financial statements for the year ended 31st March 2014 (Contd.)

		(₹ in Lacs)
2.11 - Long-Term Loans & Advances	31.03.2014	31.03.2013
Capital Advances		
Unsecured, Considered Good	122.96	129.21
Subsidies Receivable		
Subsidies Receivable from Government authorities	7.30	1,505.09
Security Deposits		
Unsecured, considered Good	1.60	1.59
	131.87	1,635.89

		(₹ in Lacs)
2.12 - Current Assets	31.03.2014	31.03.2013
Inventories		
Fuels, Stores & Spares parts (Including in transit ₹17.64 Lacs, Previous year ₹ NIL)	1,858.71	2,694.90
Power Inventory (With MeSCL)	687.15	-
	2,545.87	2,694.90

		(₹ in Lacs)
2.13 - Trade Receivables	31.03.2014	31.03.2013
Unsecured		
Over Six Months	-	-
Other Debts		
Considered good	1,008.87	283.88
	1,008.87	283.88

		(₹ in Lacs)
2.14 - Cash & Cash Equivalents	31.03.2014	31.03.2013
Balances with banks		
On Current Accounts	32.46	59.65
Cheques in hand	31.94	-
Cash on hand	3.37	1.63
	67.77	61.29

		(₹ in Lacs)
2.15 - Short-Term Loans and Advances	31.03.2014	31.03.2013
Others		
Unsecured considered Good		
Advances for Goods, Services & Expenses	218.64	165.42
Prepaid Expenses	75.11	84.69
Subsidies Receivable from Government authorities	1,577.07	50.81
Balance Due from Government Authorities	11.01	-
Advance Income Tax, net of Provision for taxation	-	30.38
Others	3.49	0.71
	1,885.33	332.01



Note to financial statements for the year ended 31st March 2014 (Contd.)

		(₹ in Lacs)
2.16 - Revenue from Operations	2013-14	2012-13
Sale of Power	8,488.00	4,063.55
Add: Captive Consumption	17.58	68.42
	8,505.58	4,131.97
Other Operating Revenue		
Sale of Flyash	101.43	15.00
	101.43	15.00
Revenue from Operation - Gross	8,607.01	4,146.97

		(₹ in Lacs)
2.17 - Other Income	2013-14	2012-13
Interest income	1.50	0.12
Sale of Scrap	1.67	-
	3.17	0.12

		(₹ in Lacs)
2.18 - Employee Benefit Expenses	2013-14	2012-13
Salaries and Wages	471.92	185.57
Contribution to Provident Fund	11.43	2.78
Staff Welfare Expenses	13.50	4.87
	496.85	193.22

		(₹ in Lacs)
2.19 - Finance Costs	2013-14	2012-13
Interest Expenses		
- On Fixed Loan	837.44	210.06
- Others	191.39	53.71
Exchange Fluctuation (Gain) / Loss to the extent considered as an adjustment to borrowing costs	-	153.33
Other finance Costs	-	8.73
	1,028.83	425.82

		(₹ in Lacs)
2.20 - Other Expenses	2013-14	2012-13
Consumption of Stores & Spares	32.36	27.21
Fuel Consumption	4,093.73	2,506.28
Repairs & Maintenance		
- Building	34.45	8.06
- Plant & Machinery	197.30	63.37
- Others	11.77	2.75
Insurance (Net)	73.81	11.09
Rent, Rates & Taxes	51.22	49.16
Miscellaneous Expenses	173.93	42.48
Heavy Vehicle / Equipment Running Exp.	41.55	16.26
	4,710.12	2,726.66

		(₹ in Lacs)
2.21 - Exceptional Items	2013-14	2012-13
Foreign Exchange (Gain) / loss other than considered as an adjustment to borrowing costs	-	60.41
Profit/(Loss) on Sale of Fixed Assets	0.38	2.72
	0.38	63.13

Note to financial statements for the year ended 31st March 2014 (Contd.)

2.22 In the opinion of the Management and to the best of their knowledge and belief the value on realization of loans, advances and other current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

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

		(₹ in Lacs)
2.24. Contingent liabilities and commitment (to the extend not provided for)	As at 31.3.2014	As at 31.3.2013
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	86.21	185.32
2. Contingent Liabilities not provided for:		
(a) Letters of Credit issued by Bank	-	120.97
(b) Bank Guarantee issued by Bank	80.91	80.91
3. Export obligation under EPCG Scheme	-	54.40

		(₹ in Lacs)
2.25. Borrowing cost capitalized	2013-14	2012-13
Borrowing cost capitalized	425.81	1989.20

		(₹ in Lacs)
2.26. Payment to Auditors	As at 31.3.2014	As at 31.3.2013
As Auditor		
- Statutory audit fees	1.50	1.10
- Tax audit fees	0.50	0.25
In other capacity		
- Other Services (certification fees)	1.09	1.35
	3.24	2.70

2.27. Unhedged foreign currency exposures as on balance sheet date

Nature of Item	(₹ in Lacs)					
	As at 31.3.2014			As at 31.3.2013		
	Currency	Foreign Currency (in million)	Indian Rupees (in lacs)	Currency	Foreign Currency (in million)	Indian Rupees (in lacs)
FCNRB- Term Loan	USD	3.86	2,318.40	USD	4.99	2,711.51
ECB	USD	20.08	12,065.03	USD	22.42	12,191.36

2.28. Earnings per Share (EPS):

		(₹ in Lacs)
(In terms of Accounting Standard – 20)	2013-14	2012-13
Profit / (Loss) attributable to equity shareholders	151.33	54.13
Equity Share Capital	1,713.06	1,713.06
Weighted Average No. of Equity Shares Outstanding for basic EPS (Face Value of ₹10/- per share)	17,130,620	17,130,620
Weighted Average No. of Equity Shares Outstanding for diluted EPS (Face Value of ₹10/- per share)	17,130,620	17,130,620
Basic Earnings Per Share (₹)	0.89	0.32
Diluted Earnings Per Share (₹)	0.89	0.32



Note to financial statements for the year ended 31st March 2014 (Contd.)

2.29 The Company's primary business segment is Generation of Electricity. Based on the guiding principles given in the Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered accountants of India, this activity falls within a single primary business segment and accordingly the disclosure requirements of AS-17 in this regard are not applicable.

2.30 During the year ended 31st March, 2014, in line with the Notification dated 29th December, 2011 issued by the Ministry of Corporate Affairs, the Company has availed the option given in paragraph 46A of the Accounting Standard 11 (AS-11) - "The Effects of Changes in Foreign Exchange Rates". Accordingly, the Company has, with effect from 1st April, 2013, depreciated the foreign exchange (gain)/loss arising on revaluation on long term foreign currency monetary items in so far as they relate to the acquisition of depreciable capital assets over the balance life of such assets. The depreciated portion of net foreign exchange (gain)/loss on such long term foreign currency monetary items for the year ended 31st March, 2014 is ₹0.44 lacs. The unamortized portion carried forward as at 31st March, 2014 is ₹1412.89 lacs. Had the Company, followed the earlier policy of charging the entire amount to the Statement of Profit and Loss, the profit before tax for the year would have been lower by ₹1412.89 lacs.

2.31 - Related Party Disclosures

Names of the Related parties where control exists		Nature of relationship
A	Star Ferro & Cement Limited (SFCL)	Ultimate Holding Company
	Cement Manufacturing Company Limited (CMCL)	Holding Company
	Megha Technical & Engineers Private Limited (MTEPL)	Fellow Subsidiary
	Star Cement Meghalaya Limited (SCML)	Fellow Subsidiary
	NE Hills Hydro Limited (NEHHL)	Fellow Subsidiary
B	Others-with whom transactions have taken place during the year	
a)	Names of other Related parties	Nature of relationship
	Shyam Century Cement Industries Limited (SCCIL)	Associate Company
	Century Plyboards (India) Limited (CPIL)	Associate Company
b)	Key Management Personnel	Nature of relationship
	Mr. Sajjan Bhajanka	Director
	Mr. Sanjay Kumar Agarwal	Managing Director(w.e.f. 01/12/2013)
	Mr. Prem Kumar Bhajanka	Managing Director (upto 31/08/2013)

C) During the year following transactions were carried with the related parties in the ordinary course of business. Disclosure of transactions between the Company and related parties and the status of outstanding balance as at 31st March 2014:

(₹ in Lacs)

Sl. No.	Type of Transactions	Holding Company		Associate / Fellow Subsidiaries		Key Management Personnel	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
1	Purchase of Capital Goods						
	CPIL	-	-	-	0.42	-	-
	CMCL	17.93	252.26	-	-	-	-
	MTEPL	-	-	26.20	41.81	-	-
2	Sale Transactions						
	CMCL	2,143.71	2,115.58	-	-	-	-
	MTEPL	-	-	1,139.08	1,392.82	-	-
	SCML	-	-	5,571.63	627.21	-	-
3	Loan Taken						
	CMCL	-	1,550.00	-	-	-	-
4	Loan Repaid						
	CMCL	1550.00	-	-	-	-	-
5	Loan Given						
	SFCL	259.00	-	-	-	-	-
6	Loan Received Back						
	SFCL	259.00	-	-	-	-	-

Note to financial statements for the year ended 31st March 2014 (Contd.)

(₹ in Lacs)

Sl. No.	Type of Transactions	Holding Company		Associate / Fellow Subsidiaries		Key Management Personnel	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
7	Interest Paid						
	CMCL	96.25	12.45	-	-	-	-
8	Service Received						
	SCML	-	-	8.09	-	-	-
9	Security Deposit Received						
	MTEPL			200.00			
10	Interest Received						
	SFCL	1.40	-				
11	Remuneration Paid						
	Sri Prem Kumar Bhajanka	-	-	-	-	15.00	36.00
12	Balances Outstanding						
A	Share Capital / Securities Premium						
	SFCL	3,373.50	3,373.50	-	-	-	-
	CMCL	3,568.31	3,568.31	-	-	-	-
B	Debtors						
	CMCL	0.45	46.36	-	-	-	-
	MTEPL	-	-	111.77	49.87	-	-
	SCML	-	-	887.69	187.66	-	-
C	Guarantees outstanding						
	Sri Sajjan Bhajanka	-	-	-	-	16,960.08	17,246.10
	Sri Prem Kumar Bhajanka	-	-	-	-	13,443.43	13,715.38
D	Security Deposit						
	MTEPL	-	-	200.00	-	-	-
E	Unsecured Loan						
	CMCL	-	1,550.00				

2.32 - Gratuity and Other post –employment benefit plans

(a) Defined Contribution Plans

The Company has recognized expenses of ₹12.00 lacs (Previous Year ₹11.49 lacs) towards the defined contribution plans.

- (b) The Company has defined benefit gratuity plan. Under this plan every employee who has completed five years or more services is entitled to gets a gratuity on departure @ 15 days of last drawn salary for each completed years of service as per the provisions of the payment at Gratuity Act, 1972. The scheme is funded with an insurance company. The following table summaries the Components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the Balance Sheet for the Gratuity.

(₹ in Lacs)

Sl. No.	Type of Transactions	Gratuity		Leave Encashment	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
1	Expenses recognized in the Statement of Profit & Loss for the year ended March 31, 2014.				
1	Current Service Cost	2.69	2.48	0.61	0.53
2	Interest Cost	0.88	0.63	0.32	0.27
3	Employee Contribution	-	-	-	-
4	Expected Return on Plan Assets	(1.05)	(0.80)	-	-
5	Actuarial (Gains)/Losses	(1.38)	(1.11)	0.49	0.90
6	Past Service Cost	-	-	-	-
7	Settlement Cost	-	-	-	-



Note to financial statements for the year ended 31st March 2014 (Contd.)

(₹ in Lacs)

Sl. No.	Type of Transactions	Gratuity		Leave Encashment	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
8	Losses/(gains) on acquisition/divesture	(0.93)	-	-	-
9	Total Expenses	0.22	1.20	1.42	1.70
II	Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2014				
1	Present Value of Defined Benefit Obligation	10.73	8.87	3.86	3.23
2	Fair Value of Plan Assets	13.96	9.31	-	-
3	Funded Status [Surplus/(Deficit)]	3.22	0.44	(3.86)	(3.23)
4	Net Asset/(Liability) as at 31st March, 2014	3.22	0.44	(3.86)	(3.23)
III	Change in Obligation during the Year ended 31st March, 2014				
1	Present value of Defined Benefit Obligation at the beginning of the year	8.87	6.93	3.23	2.75
2	Current Service Cost	2.69	2.48	0.61	0.53
3	Interest Cost	0.88	0.63	0.32	0.27
4	Settlement Cost	-	-	-	-
5	Past Service Cost	-	-	-	-
6	Employee Contribution	-	-	-	-
7	Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-
8	Actuarial Gains/Losses	(1.38)	(1.18)	0.49	0.90
9	Benefits Payments	(0.33)	-	(0.79)	(1.22)
10	Present Value of Defined Benefit Obligation at the end of the year	10.73	8.87	3.86	3.23
IV	Change in assets during the Year ended March, 2014				
1	Plan Assets at the beginning of the year	9.31	8.58	-	-
2	Assets acquired on amalgamation in previous year	-	-	-	-
3	Settlements	-	-	-	-
4	Expected return on plan assets	1.05	0.80	-	-
5	Contributions by employer	3.00	-	0.79	1.22
6	Actual Benefit Paid	(0.33)	-	(0.79)	(1.22)
7	Actuarial Gains/(Losses)	0.93	(0.07)	-	-
8	Plan Assets at the end of the year	13.96	9.31	-	-
9	Actual Return on plan assets	-	-	-	-
V	The major categories of plan assets as a percentage of the fair value of total plan assets				
	Funded with insurer	100%	100%	100%	100%
VI	The Principal actuarial assumptions are as follows:				
1	Discount rate	8.25%	8.25%	8.25%	8.25%
2	Expected Return on plan assets	9.00%	9.00%	0.00%	0.00%
3	Salary Increase	5.00%	5.00%	5.00%	5.00%
4	The overall expected rate of return on assets is determined based on market process prevailing on that date, applicable to the period over which the obligation is to be settled.	8.25%	8.25%	8.25%	8.25%

Note to financial statements for the year ended 31st March 2014 (Contd.)

2.33 a) Value of imported and indigenous Stores & Spares parts Consumed and their percentage to total Consumption:

Particulars	2013-14		2012-13	
	(₹ In Lacs)	%	(₹ In Lacs)	%
Stores & Spares				
i) Imported	-	-	-	-
ii) Indigenous	32.36	100.00%	27.21	100%

2.33 b) Value of imports calculated on CIF basis:

Expenditure	(₹ in Lacs)	
	2013-14	2012-13
i) Capital Goods	28.93	-
Total	28.93	-

2.33 c) Expenditure in Foreign Currency:

Expenditure	(₹ in Lacs)	
	2013-14	2012-13
i) Interest	730.25	780.22
ii) Repayment of Term Loan	2119.20	891.12
Total	2,849.45	1,671.34

2.35 Figures have been rounded off to the nearest ₹ in Lacs.

2.36 The Company is eligible for deduction under section 80IA of the Income Tax Act, 1961 for ten consecutive financial years falling within a period of fifteen financial years, beginning with financial year 2009-10. However, so far the Company has not availed this option.

2.37 Previous year's figures have been regrouped and/or rearranged wherever necessary, to confirm to current year's classification.

For Kailash B. Goel & Co.
Firm Registration No.: 322460E
Chartered Accountants

For and on behalf of the Board of Directors

CA. Arun Kumar Sharma
Partner
Membership No. 057329

Sanjay Kumar Agarwal
Managing Director

Brij Bhushan Agarwal
Director

Place: Kolkata
Date: 17th May, 2014





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