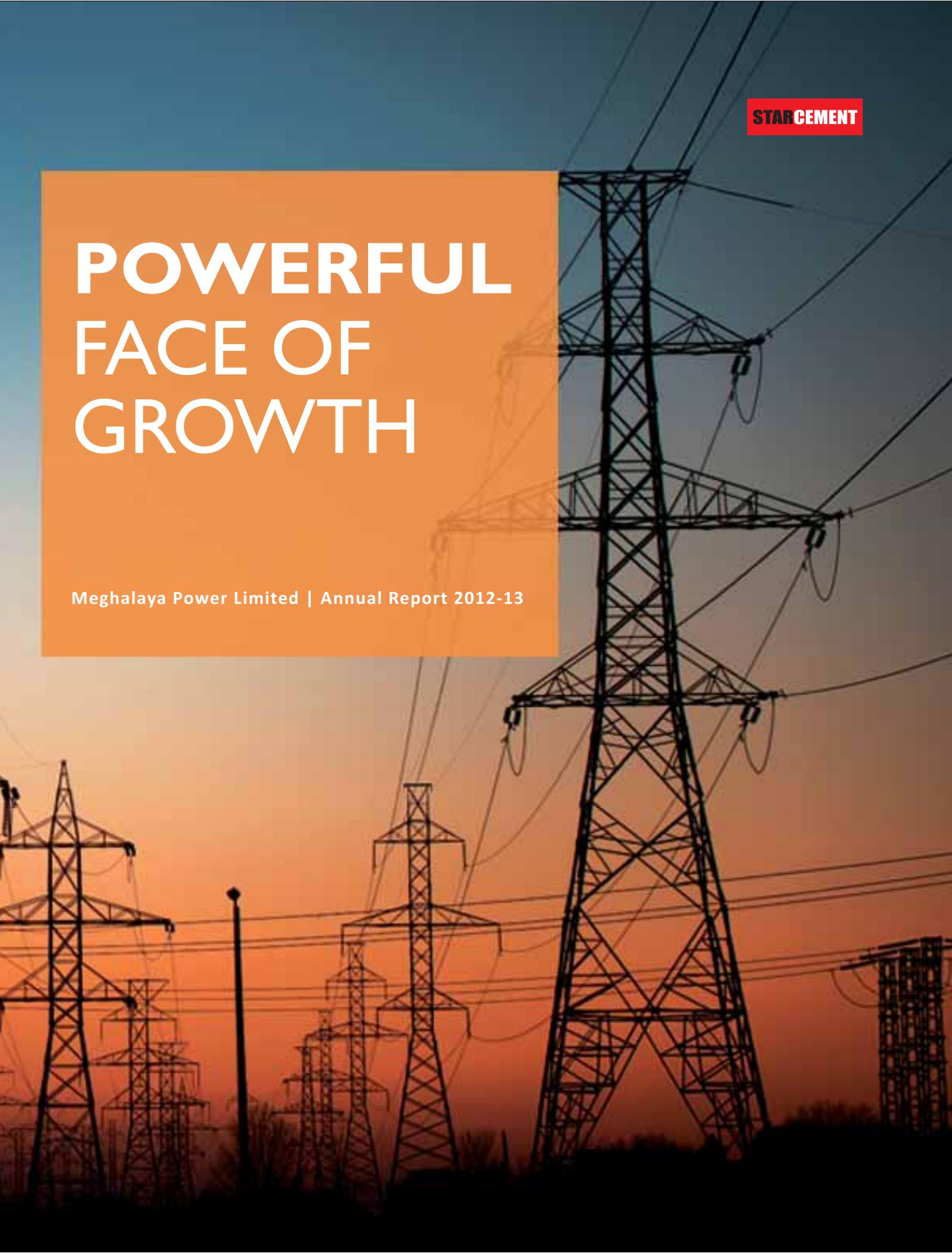


# POWERFUL FACE OF GROWTH

Meghalaya Power Limited | Annual Report 2012-13





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## Corporate Information

### Board of Directors

Prem Kumar Bhajanka, *Managing Director*

Sajjan Bhajanka, *Director*

Brij Bhushan Agarwal, *Director*

Mangilal Jain, *Director*

Rangbahaduh Khonglah, *Director*

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

Distt : East Jaintia Hills

Meghalaya - 793 210

### Corporate Office

'Satyam Towers' 1st Floor, Unit No. 9B

3, Alipore Road

Kolkata - 700 027

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eleventh Annual Report, together with the Audited Financial Accounts as at 31st March 2013.

### Financial Results

The highlights of the financial performance for the financial year ended March 31, 2013 as compared to the previous year are as under :

Particulars	(₹ in Lacs)	
	2012-13	2011-12
Net Sales/Income	4,146.76	3,485.71
Profit before Depreciation, Interest, Tax and Exceptional Items	1,226.87	1,379.11
Exceptional items	(63.13)	(391.60)
Profit before Depreciation, Interest and Tax	1,163.74	987.51
Depreciation	(608.70)	(566.25)
Interest & Finance Charges	(425.82)	(439.13)
Profit / (Loss) before Tax	129.22	(17.87)
- Current Tax	(24.88)	(20.49)
- Less : MAT credit entitlement	24.88	—
- Deferred Tax	75.09	18.76
- MAT Credit Entitlement for earlier year written back	—	(183.72)
- Income Tax for earlier Year	—	(83.21)
<b>Profit / (Loss) after tax</b>	<b>54.13</b>	<b>(286.52)</b>

### Performance

During the FY 2012-13 Company has completed its second phase of 51 MW power project. Company has been able to further consolidate its operation during the year under review. During the FY 2012-13 power generations has increased to 710.70 Lacs Units from 643.48 Units during the previous financial year registering a growth of 10.45% over previous year. Auxiliary consumption has slightly increased to the level of 10.56% mainly on account of synchronization and stabilization process undergoing with grid. On the other hand Plant Load Factor has increased from 91.57% during the Financial Year 2011-12 to 92.45% during the year under review which indicates improved efficiencies.

FY 2012-13 has again been a year wherein efficiencies brought have been partially set off on account of huge increase of more than ₹ 600/- PMT in the cost of coal which accounts for 16% rise in the price over previous year. Similarly, Royalty on Coal has increased from ₹ 290/- PMT to ₹ 675/- PMT. Coupled with this, continued fluctuations in value of rupee ended up in a loss of ₹ 60.41 Lacs during the year under review against Foreign Currency Loans taken by Company.

Company has posted Profit before tax of ₹ 129.22 Lacs and Profit after tax of ₹ 54.13 during the financial year 2012-13 as against Loss before tax of ₹ 17.87 Lacs and Loss after tax of ₹ 286.52 Lacs during the financial year 2011-12.

### Industry Outlook

Despite various measures of reforms and policies being implemented by Central and State Governments on sustained basis for improvement in performance of Power Sector in India, no significant improvements could be seen during Financial Year 2012-13 and power supply position remained grim. During the year under review, installed capacity has gone up by 16,407 MW only as compared to 20,501 MW during FY 2011-12. Total Installed Capacity has gone up to 211 GW. However, as in previous years, during the year 2012-13 also, demand for electricity in India far outstripped availability, both in terms of peak demand and energy availability. During the first half of FY 2012-13 average monthly peak deficit was to the tune of 13246 MW which is 10% of peak demand during the same period. In terms of energy availability, during the first half of FY 2012-13, there was a deficit of 42,408 MU which accounts for 8.5% of energy requirement during the same period.

On the one side of short fall in availability of power, with rising needs of energy in India year after year, India as a country has emerged as the fourth largest energy consumer of the world after the US, China and Russia. However, per capita energy consumption still remains lower than that of developed countries.

Under backdrop of above, Indian Power Sector which is undergoing rapid transformation has plans of huge power generation capacities during the current five year plan 2012-2017 and Private Sector is slated to play a major role into this. The installed capacity base is likely to grow to 300 GW in next 10-12 years. Peak demand is expected to reach 218 GW by 2017 and 470 GW in 2027 from the current 119 GW.

To achieve these objectives and to ensure sustainable growth of power sector in India, recent steps undertaken by Government of India in form of bringing transparency in allocation of coal blocks to end users on the basis of competitive bidding, exemption of import duty on thermal coal, imposition of import duty on power equipments, tightening of frequency band to increase grid security in more stricter manner in transmission and distribution sector, allowing open access to consumers having load of more than 1 MW etc. will go a long way in the efforts towards bringing improvement in performance of Indian Power Sector.

Power Scenario in Meghalaya too remained grim during the year under review. Power generation in North Eastern States and more particularly in State of Meghalaya is Hydro Electric based and dependencies of Hydro Electric Power Generation units on unpredictable rains make it difficult to utilize their capacities of power generation. Meghalaya once used to be a state with surplus electricity, where the excess power generation was pushed to the neighboring states including Assam as against today's huge deficit scenario on account of increase in energy requirement in industrial sector as also in domestic and commercial sector. Much awaited Myntdu-Leshka project which was commissioned fully in 2012-13 is yet to stabilize its operation towards achieving full efficiencies. State Government has initiated lot of steps to improve the availability of power in the State but its real impact is yet to be seen. Such shortages in availability of power in the State with demand increasing day by day provides ample opportunity to your company for its power plant.

#### **Projects**

The Company has commissioned 2nd phase of its 51 MW Power Project during the far end of the current financial year. The year under review will not have full impact of enhanced capacity.

#### **Dividend**

In view of inadequacy of profits and in order to conserve the resources for future requirement, your directors do not recommend any dividend for the year under review.

#### **Deposits**

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

#### **Corporate Citizenship**

Your company has always believed in aligning its business objectives with interest of community and has always seen the community as helping hand in furtherance of company's objectives. During the year under review, your company has undertaken the project of Road and drainage in the local village. Company continued maintaining street lighting system of the village and has also contributed to Village welfare fund. With completion of second phase of the project, company sees now much better opportunities for the residents of local area for their overall upliftment socially as well as economically.

#### **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 Accountant, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company. They have offered themselves for re-appointment as Statutory Auditors and have confirmed that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Your Directors recommend their appointment for ensuing year.

#### **Capital Structure**

During the year under review there is no change in the Capital Structure of company and the Paid-up share capital of the Company stands at ₹ 1,713.06 Lacs.

#### **Holding Company**

During the year, company continues to remain subsidiary of Cement Manufacturing Company Limited (CMCL) which holds 51% equity of your Company. CMCL and its brand Star Cement is the largest selling cement brand in the north eastern region. Your Company continues to have long term agreement for supply of power to Holding Company and its subsidiaries in order to reduce market fluctuation risk.

## Directors

In accordance with Article of Association of the Company, Mr. Sajjan Bhajanka and Mr. Rangbahadur Khonglah retire by rotation, and being eligible, offer themselves for re-appointment. In view of their considerable experience, your Directors recommend their re-appointment.

None of the Directors of the Company is disqualified from being appointed as Directors pursuant to Section 274(1) (g) of the Companies Act, 1956.

### Particulars as per section 217 of the Companies Act, 1956

There were no employee whose particulars are to be disclosed under section 217(2A) of the Companies Act, 1956.

### Directors' Responsibility Statement

Pursuant to the requirement of 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, 2013; the applicable Accounting Standards have been followed and proper explanations were provided for material departures, if any.
2. The Directors have selected such accounting policies and applied them consistently and made judgments & estimates that are reasonable & prudent so as to give a true and a fair view of the State of Affairs of the Company as at 31st March, 2013 and of the Profit & Loss Account and Cash flow of the Company for the year ended March 31, 2013.
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 for the financial year March 31, 2013, 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 had 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 the Section 292A of the Companies Act, 1956. During the financial year ended 31st March, 2013, the Audit Committee met four times on April 21, 2012, July 18, 2012, October 19, 2012, and January 17, 2013 and was duly attended by all the members of the Committee.

The Audit Committee so constituted advises the management on the areas where internal audit can be improved. The minutes of the meetings of the audit committee are placed before the Board. The committee is endowed with the powers to review the 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.

### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING 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 MARCH 31, 2013

#### A. Conservation of energy

Various measures were taken to conserve energy in the plant by our Energy Cell and the same are enumerated below.

Energy conservation measures taken:

1. Better Practices adopted in Storage of Raw Coal.
2. Collection of drain water of CBD Tank for re-use in Boiler.
3. Optimization of Fine and Coarse Coal.
4. Use of High Ash Content Coal.
5. Used Variable Frequency Drive in Condensate Extraction Pump of Turbine.
6. Use of Eloguard 86 single chemical in boiler to reduce boiler blow down.
7. Installed centralized water cooled packaged Air Conditioning system.

#### B. Technological absorption

##### Benefits derived

1. Better Practices for storage of Raw Coal further improved and avoided wastage of coal in storage area.
2. Variable drive installed in Condensate Extraction Pump reduced power consumption of pump.

3. Usage of Coarse Coal in Boiler resulted into better efficiency.
4. Usage of high Ash Coal in Boiler shall result into optimization of cost.
5. Installation of centralized water cooled packaged Air Conditioning system resulted into minimizing Energy consumption of air conditioning system.
6. Single chemical Eloguard 86 used in boiler resulted into reduced blow and reduced coal consumption.
7. Usage of energy efficient lights in the plant resulted into lower energy consumption.

**Future plan of action**

- i. Installation of system for collection of drain water of CBD & MBD Tanks for re-use in Boiler.
- ii. Use of VFD in all ACC cooling fans, Boiler Feed Pumps, in standby ID, PA and SA Fans and compressors to minimize energy consumption.
- iii. Centralization of plant lighting control and automation.
- iv. Installation of Solar light in road lighting, street lighting, yard lighting.

**Foreign Exchange Earnings & Outgo**

Particulars	(₹ in Lacs)	
	2012-13	2011-12
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	1,671.34	950.29

**Safety**

Your Company continued its focus on Occupational Health and safety of employees and workmen. Employees have been motivated to use safety tools to avoid any accident. Workshop and deliberations are conducted to spread awareness amongst workmen and employees on issues concerning to health and safety. During the year under review, Quiz Competitions, Slogan writing competition and safety weeks were organized involving family members too of employees and workmen for better awareness of safety and health related issues.

**Personnel**

The relationship with all employees remained cordial and harmonious throughout the year. Your Directors wish to place on record their sincere appreciation for the contribution of all its employees and workmen.

**Acknowledgement**

We acknowledge the commitment, dedication, devotion and contribution of our employees at all levels for their contribution which enabled the Company to achieve improvements in operation. The Directors would like to express their gratitude and appreciation for the assistance and co-operation received from various Government, Semi-government and Local authorities. We would also like to take this opportunity to acknowledge unstinted assistance and co-operation from our bankers and would wish to place on record deep sense of appreciation and gratitude.

For and on behalf of the Board

Place : Lumshnong, Meghalaya  
Date : 24th April 2013

**Prem Kumar Bhajanka**  
*Managing Director*

**Brij Bhushan Agarwal**  
*Director*

## AUDITORS' REPORT

### TO THE MEMBERS OF MEGHALAYA POWER LIMITED

1. We have audited the accompanying financial statements of "M/s MEGHALAYA POWER LIMITED", which comprise the Balance Sheet as at March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

2. 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.

Our responsibility is to express an opinion on these financial statements based on our audit.

3. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgment, 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.

4. 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 2013;
- (ii) in the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date;
- (iii) in the case of Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

5. As required by the Companies (Auditor's Report) Order, 2003 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.

6. 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 & 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 & Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

- e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place : Lumshnong, Meghalaya  
Date : 24th April, 2013

For **KAILASH B. GOEL & CO.**  
Firm Registration No. 322460E  
*Chartered Accountants*  
**CA. Arun Kumar Sharma**  
*Partner*  
Membership No. 57329

## **ANNEXURE REFERRED TO IN PARAGRAPH (5) 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 not granted any loans secured or unsecured to any companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. The company has taken unsecured loan from one company covered in the register maintained u/s 301 of companies Act, 1956. The maximum amount involved during the year was ₹ 1,550 lacs and the year end balance of loan taken from such company was ₹ 1,550 lacs.  
(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and condition on which loan has been taken are not, prima facie, prejudicial to the interest of the Company.  
(c) In respect of the aforesaid loan, the company is regular in repayment of the principal amounts as stipulated and has been regular in the repayment of interest.  
(d) There is no overdue amount of loan taken from the company covered in the register maintained U/s 301 of the Companies Act, 1956.
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 u/s 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, 2013 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us, there are no dues in respect of Provident Fund, Income Tax, Sales Tax, VAT, Excise Duty, Cess that have not been deposited on account of any dispute.
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 u/s 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.

Place : Lumshnong, Meghalaya  
Date : 24th April, 2013

For **KAILASH B. GOEL & CO.**  
Firm Registration No. 322460E  
*Chartered Accountants*  
**CA. Arun Kumar Sharma**  
*Partner*  
Membership No. 57329

**BALANCE SHEET AS AT 31ST MARCH 2013**

(₹ in Lacs)

	Note	31.03.2013	31.03.2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	1,713.06	1,713.06
Reserves and Surplus	2.2	7,385.47	7,324.04
		<b>9,098.53</b>	<b>9,037.10</b>
<b>Share Application Money Pending Allotment</b>			
		—	—
<b>Non-current Liabilities</b>			
Long - Term Borrowings	2.3	16,978.92	14,421.42
Deferred Tax Liabilities (Net)	2.4	56.05	(19.05)
Other Long -Term Liabilities	2.5	905.25	854.84
Long -Term Provisions	2.6	2.79	2.75
		<b>17,943.00</b>	<b>15,259.95</b>
<b>Current Liabilities</b>			
Short -Term Borrowings	2.7	738.29	609.17
Trade Payables		219.90	192.43
Other Current Liabilities	2.8	2,502.16	1,163.49
		<b>3,460.34</b>	<b>1,965.09</b>
<b>Total</b>		<b>30,501.88</b>	<b>26,262.15</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible Assets	2.9	19,770.93	3,799.44
Capital Work in Progress (including Project Expenses)		5,723.43	16,724.28
		<b>25,494.35</b>	<b>20,523.72</b>
Long Term Loans and Advances	2.10	1,759.42	2,515.94
		<b>1,759.42</b>	<b>2,515.93</b>
<b>Current Assets</b>			
Inventories	2.11	2,694.90	1,681.40
Trade Receivables	2.12	283.88	173.57
Cash and Cash Equivalents	2.13	61.29	1,288.45
Short Term Loans and Advances	2.14	208.03	79.08
		<b>3,248.10</b>	<b>3,222.49</b>
<b>Total</b>		<b>30,501.88</b>	<b>26,262.15</b>

**Significant Accounting Policies and Notes on Accounts**

1 &amp; 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

**CA. Arun Kumar Sharma**  
Partner  
Membership No. 57329

Place : Lumshnong, Meghalaya  
Date : 24th April, 2013

10 Meghalaya Power Limited

For and on behalf of the Board

**Prem Kumar Bhajanka**  
Managing Director

**Brij Bhushan Agarwal**  
Director

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013**

(₹ in Lacs)

	Note	31.03.2013	31.03.2012
<b>INCOME</b>			
Revenue from Operations (Gross)	2.15	4,146.97	3,485.63
Less: Excise Duty		0.33	0.10
Revenue from Operations (Net)		4,146.64	3,485.52
Other Income	2.16	0.12	0.18
<b>Total Revenue</b>		<b>4,146.76</b>	<b>3,485.71</b>
<b>EXPENSES</b>			
Employee Benefit Expenses	2.17	157.22	130.56
Other Expenses	2.18	2,762.66	1,976.04
Depreciation and Amortization Expenses		608.70	566.25
Finance Costs	2.19	425.82	439.13
<b>TOTAL EXPENSES</b>		<b>3,954.41</b>	<b>3,111.98</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>192.35</b>	<b>373.73</b>
Exceptional Items	2.20	63.13	391.60
<b>Profit / (Loss) before Tax</b>		129.22	(17.87)
<b>Tax Expenses</b>			
- Current Tax		24.88	20.49
Less: MAT Credit entitlement		(24.88)	—
Net Current Tax		—	20.49
- Deferred Tax		(75.09)	(18.76)
- MAT Credit entitlement for earlier year written back		—	183.72
- Income Tax for earlier year		—	83.21
<b>Profit / (Loss) for the Period</b>		<b>54.13</b>	<b>(286.52)</b>
<b>EARNINGS PER EQUITY SHARE</b> (face value of ₹ 10/- each) ( refer Note 2.28)			
Basic Earning per share		0.32	(2.50)
Diluted Earning per share		0.32	(0.06)
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

**CA. Arun Kumar Sharma**  
Partner

Membership No. 57329

Place : Lumshnong, Meghalaya

Date : 24th April, 2013

For and on behalf of the Board

**Prem Kumar Bhajanka**  
Managing Director

**Brij Bhushan Agarwal**  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

PARTICULARS	(₹ in Lacs)	
	31.03.2013	31.03.2012
<b>Cash flow from Operating Activities</b>		
Net Profit / (Loss) before tax and Exceptional Items	192.35	373.73
<b>Adjustments for :</b>		
Depreciation	608.70	566.25
Unrealised Foreign Exchange Gain / (Loss) - Net	(60.41)	(391.32)
Gain / (Loss) on sale of Assets	(2.72)	(0.28)
Interest Income	(0.12)	(0.18)
Interest Expenses	272.49	220.92
Provision for Gratuity & Leave Encashment	0.04	(5.35)
Provision for Income Tax	—	(20.49)
<b>Operating Profit before working Capital changes</b>	<b>1,010.33</b>	<b>743.28</b>
<b>Adjustments for :</b>		
Trade receivables	(110.31)	3.93
Inventories	(1,013.50)	(888.73)
Other receivables	627.56	875.41
Other payable (Including Trade Payable)	1,366.10	(245.76)
<b>Cash Generated from Operations</b>	<b>1,880.18</b>	<b>488.14</b>
Direct Taxes Paid	—	(70.00)
<b>Net cashflow from Operating Activities (A)</b>	<b>1,880.18</b>	<b>418.14</b>
<b>Cash flow from Investing Activities</b>		
Purchase of Fixed Assets (Including WIP) - Net	(5,579.34)	(8,573.31)
Interest Received	0.12	0.18
<b>Net Cash used in investing Activities (B)</b>	<b>(5,579.22)</b>	<b>(8,573.12)</b>
<b>Cash Flow from Financing Activities</b>		
Interest Paid	(272.49)	(220.92)
Proceeds from issue of share Capital (Including Share Application)	—	(138.62)
Capital Reserve	7.30	—
Proceeds from / (Repayment of) Long Term Borrowings	2,607.95	12,438.56
Proceeds from / (Repayment of) Short Term Borrowings	129.12	(2,815.83)
<b>Net Cash used in Financing Activities (C)</b>	<b>2,471.88</b>	<b>9,263.20</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(1,227.16)</b>	<b>1,108.21</b>
<b>Cash and Cash Equivalents</b>		
Opening Balance	1,288.45	180.24
<b>Closing Balance</b>	<b>61.29</b>	<b>1,288.45</b>

As per our report of even date

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

**CA. Arun Kumar Sharma**  
Partner  
Membership No. 57329

Place : Lumshnong, Meghalaya  
Date : 24th April, 2013

12 Meghalaya Power Limited

For and on behalf of the Board

**Prem Kumar Bhajanka**  
Managing Director

**Brij Bhushan Agarwal**  
Director

## Notes to financial statements for the year ended 31ST MARCH 2013

### 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 have been prepared to comply with all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern. Accounting Policies have been consistently applied by the company and are consistent with those used in the 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, where ever applicable) less accumulated depreciation, amortization and impairment losses, except freehold land which is carried at cost. Cost comprises the purchase price, installation and other attributable cost of bringing the asset to its working condition for its intended use.

##### 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. 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. In respect of an asset for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. Expenditure on computer software is amortized on SLM over the period of expected benefit not exceeding three years.

##### 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

Inventories are valued at lower of cost and net realizable value. The cost is computed on weighted average basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

##### 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 Profit & Loss Account.

## **1.9 Revenue Recognition**

Earning for sale of electricity duty are recorded on net unit exported on accrual basis. Sale of flyash are recorded on dispatch to the customer and includes excise duty but exclude VAT and are net of discount, rebates & 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 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/pre-operative 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 currency transactions are recorded at the rate prevailing on the dates of the transactions and exchange differences are dealt within the Profit & Loss Account. Monetary foreign currency assets and liabilities are translated at the year end exchange rates. All exchange differences are dealt within the profit and loss account, except to the extent that they are regarded as an adjustment to the interest cost and the resultant balance to the new projects, till the date of the capitalization, are carried to pre-operative expenses. 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 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.

## Notes to financial statements for the year ended 31ST MARCH 2013

### 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.

## Notes to financial statements for the year ended 31ST MARCH 2013

(₹ in Lacs)

### 2.1 Share Capital

Authorised
Equity shares ₹ 10/- par value 2,00,00,000 (2,00,00,000) equity shares
Issued, Subscribed & fully Paid -up
Equity shares ₹ 10/- par value 1,71,30,620 (1,71,30,620) equity shares

31.03.2013	31.03.2012
2,000.00	2,000.00
1,713.06	1,713.06
1,713.06	1,713.06

#### a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pay dividends 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.

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
At the beginning of the year
Issued during the period
Outstanding at the end of the period

No. of Shares	No. of Shares
17,130,620	10,693,900
—	6,436,720
17,130,620	17,130,620

#### c) Shares held by holding / ultimate holding company Out of equity shares issued by the company, shares held by its holding company, ultimate holding company are as below :

Cement Manufacturing Co. Ltd., the holding company
Century Plyboards (I) Limited, the ultimate holding company

8,736,620	8,736,620
8,358,998	8,358,998
17,095,618	17,095,618

#### d) Details of Shareholders holding more than 5% shares in the company

Cement Manufacturing Company Limited, the holding company
Century Plyboards (I) Limited, the ultimate holding company

No. of Shares (% of holding)	No. of Shares (% of holding)
8,736,620	8,736,620
51.00%	51.00%
8,358,998	8,358,998
48.80%	48.80%

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

## Notes to financial statements for the year ended 31ST MARCH 2013

### 2.2 Reserves & Surplus

Capital Reserve	
Balance as per last account	
Addition / (Deduction) during the year	
Closing Balance	
Securities Premium Reserve	
Balance as per the last financial statement	
Addition during the year	
Closing Balance	
Surplus as per statement of Profit & Loss	
Balance as per the last financial statements	
Profit / (Loss) for the year	
Net Surplus in the statement of Profit and Loss	

(₹ in Lacs)	
31.03.2013	31.03.2012
1,439.59	1,439.59
7.30	—
<b>1,446.89</b>	<b>1,439.59</b>
5,232.25	2,657.56
—	2,574.69
<b>5,232.25</b>	<b>5,232.25</b>
652.20	938.72
54.13	(286.52)
<b>706.33</b>	<b>652.20</b>
<b>7,385.47</b>	<b>7,324.04</b>

### 2.3 Long Term Borrowings

Term Loans	
Rupee Loan from a bank (Secured)	
Foreign Currency loan from Banks (Secured)	
Loans and Advances from Related Parties repayable on demand (Unsecured) (refer note 2.29)	
Less: Current Maturities of long term borrowing	

(₹ in Lacs)	
31.03.2013	31.03.2012
2,688.91	970.05
14,902.87	14,343.00
1,550.00	—
<b>19,141.78</b>	<b>15,313.06</b>
2,162.86	891.64
<b>16,978.92</b>	<b>14,421.42</b>

- 1) Rupee Term Loan of ₹ 2,688.91 lacs from a bank is repayable in 28 unequal quarterly installments commencing from June 2013.
- 2) Foreign currency loan of ₹ 12,191.36 lacs from a bank is repayable in 28 unequal quarterly installments ending on December 2019.
- 2) Foreign currency loan of ₹ 2,711.51 lacs from a bank is repayable in 28 unequal quarterly installments ending on March 2017.
- 3) Term Loans from banks are secured by first charge on the fixed assets of the company's power plants at Lumshnong, Meghalaya on pari-passu basis, and are also guaranteed by some of the Directors of the Company.
- 4) The Company does not have any continuing defaults in repayment of loans and interest as at reporting period.

### 2.4 Deferred Tax Liabilities (Net)

Deferred Tax Liability	
Fixed Assets	
Deferred Tax Assets	
Fixed Assets	
Business Loss Carry Forward	
Leave Encashment	
Preliminary Expenses	

(₹ in Lacs)	
31.03.2013	31.03.2012
325.24	—
—	17.03
267.42	—
1.05	0.56
0.73	1.45
<b>56.05</b>	<b>(19.05)</b>

## Notes to financial statements for the year ended 31ST MARCH 2013

		(₹ in Lacs)	
		31.03.2013	31.03.2012
<b>2.5 Other Long-Term Liabilities</b>			
Retention Money		836.86	689.22
Creditors for Capital goods		24.58	132.05
Security Deposit		32.28	30.56
Unclaimed Payable		11.53	3.02
		<b>905.25</b>	<b>854.84</b>
<b>2.6 Long-Term Provisions</b>			
Provisions for Employee Benefits			
Leave encashment & Gratuity		2.79	2.75
		<b>2.79</b>	<b>2.75</b>
<b>2.7 Short-Term Borrowings</b>			
Working Capital Facilities from a Bank			
Cash credit from a bank (Secured)		738.29	609.17
		<b>738.29</b>	<b>609.17</b>

Cash credit from a bank is secured by first charge on current assets of the company and second charge on fixed assets of the company's power plants at Lumshnong, Meghalaya. Further the Cash credit has been guaranteed by some of the directors of the Company.

		(₹ in Lacs)	
		31.03.2013	31.03.2012
<b>2.8 Other Current Liabilities</b>			
Current Maturities of long-term borrowings		2,162.86	891.64
Other Payables			
Statutory Liabilities		255.00	136.83
Creditors - Micro, Small and Medium Enterprises ( Refer Note No 2.22)		-	-
Salary and Bonus to employees		15.52	16.00
Other Liabilities		68.79	119.02
		<b>2,502.16</b>	<b>1,163.49</b>

## Notes to financial statements for the year ended 31ST MARCH 2013

### 2.9 Tangible Assets

(₹ in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2012	Additions	Deduction / Adjustment	Total as on 31.03.2013	Upto 31.03.2012	For the Year	Adjust- ment	Total as on 31.03.2013	As on 31.03.2013	As on 31.03.2012
Land & Site Development	350.48	256.94	—	607.42	—	—	—	—	607.42	350.48
Factory Building	859.64	2,002.53	—	2,862.17	199.58	76.98	—	276.56	2,585.61	660.06
Non-Factory Building	120.43	191.66	—	312.09	14.57	5.82	—	20.39	291.70	105.86
Plant, Machinery & Equipments	3,893.14	14,124.83	—	18,017.97	1,321.32	511.38	—	1,832.70	16,185.28	2,571.82
Furniture & Fixtures	17.18	0.88	8.10	9.96	11.45	1.41	5.15	7.71	2.25	5.73
Office Equipments	7.71	0.26	—	7.97	3.24	0.62	—	3.86	4.11	4.48
Computers	14.36	—	—	14.36	9.96	1.75	—	11.71	2.65	4.40
Heavy Vehicles	82.02	—	—	82.02	53.67	8.51	—	62.17	19.85	28.35
Light Vehicles	32.87	0.51	6.59	26.80	15.80	3.97	4.51	15.26	11.54	17.07
Tools & Tackles	69.91	18.28	—	88.19	18.73	8.96	—	27.68	60.51	51.18
<b>Total</b>	<b>5,447.74</b>	<b>16,595.90</b>	<b>14.69</b>	<b>22,028.96</b>	<b>1,648.30</b>	<b>619.38</b>	<b>9.66</b>	<b>2,258.03</b>	<b>19,770.93</b>	<b>3,799.44</b>
Previous Years figures	5,434.49	19.84	6.59	5,447.74	1,078.88	575.50	4.07	1,648.31	3,799.44	4,358.61

Depreciation includes ₹ 140.09 Lacs (31.03.2012- ₹ 9.25 Lacs) capitalised as pre-operative expenses.

### 2.10 Long-Term Loans & Advances

(₹ in Lacs)

#### Capital Advances

Unsecured, Considered Good

31.03.2013 252.75

31.03.2012 1,006.42

#### Subsidies Receivable

Subsidies Receivable from Government authorities

31.03.2013 1,505.09

31.03.2012 1,507.94

#### Security Deposits

Unsecured, considered Good

31.03.2013 1.59

31.03.2012 1.58

**1,759.42**

**2,515.94**

### 2.11 Current Assets

#### Inventories

Fuels, Stores & Spares parts

31.03.2013 2,694.90

31.03.2012 1,681.40

**2,694.90**

**1,681.40**

### 2.12 Trade Receivables

Unsecured

Over Six Month

31.03.2013 —

31.03.2012 —

Other Debts

Considered good (refer note 2.26)

31.03.2013 283.88

31.03.2012 173.57

**283.88**

**173.57**

### 2.13 Cash & Cash Equivalents

#### Balances with banks :

On Current Accounts

31.03.2013 59.65

31.03.2012 165.81

Deposits with original maturity of less than three months

31.03.2013 —

31.03.2012 1,100.00

Cheques in hand

31.03.2013 —

31.03.2012 21.07

Cash in hand

31.03.2013 1.63

31.03.2012 1.56

**61.29**

**1,288.45**

## Notes to financial statements for the year ended 31ST MARCH 2013

	(₹ in Lacs)	
	31.03.2013	31.03.2012
<b>2.14 Short-Term Loans and Advances</b>		
<b>Others</b>		
<b>Unsecured considered Good</b>		
Advances for Services & Expenses	41.88	9.02
Prepaid Expenses	84.69	28.99
Subsidies Receivable from Government authorities	50.81	6.23
Advance Income Tax, net of Provision for taxation	30.38	30.16
Others	0.27	0.70
Loans to employee	—	3.98
	<b>208.03</b>	<b>79.08</b>
<b>2.15 Revenue from Operations</b>		
Sale of Power	4,063.55	3,459.46
Add: Captive Consumption	68.42	16.88
	<b>4,131.97</b>	<b>3,476.34</b>
<b>Other Operating Income</b>		
Sale of Fly Ash	15.00	9.28
	<b>15.00</b>	<b>9.28</b>
	<b>4,146.97</b>	<b>3,485.63</b>
<b>2.16 Other Income</b>		
Interest income	—	0.18
Others	0.12	—
	<b>0.12</b>	<b>0.18</b>
<b>2.17 Employee Benefit Expenses</b>		
Salaries, Wages & other Manpower Expenses	149.57	124.94
Contribution to Provident Fund	2.78	2.70
Staff Welfare Expenses	4.87	2.93
	<b>157.22</b>	<b>130.56</b>
<b>2.18 Other Expenses</b>		
Consumption of Stores & Spares	27.21	18.15
Power & Fuel	2,506.28	1,777.56
Repairs & Maintenance		
- Building	8.06	1.61
- Plant & Machinery	63.37	32.27
- Others	2.75	4.99
Insurance (Net)	11.09	12.29
Rent, Rates & Taxes	49.16	45.94
Miscellaneous Expenses	78.48	59.14
Heavy Vehicle / Equipment Running Expenses	16.26	24.08
	<b>2,762.66</b>	<b>1,976.03</b>

## Notes to financial statements for the year ended 31ST MARCH 2013

	(₹ in Lacs)	
	31.03.2013	31.03.2012
<b>2.19 Finance Costs</b>		
On Fixed Loan	210.06	200.62
Others	53.71	20.30
Exchange Fluctuation (Gain) / Loss to the extent considered as an adjustment to borrowing costs	153.33	210.76
Other finance Costs	8.73	7.45
	<b>425.82</b>	<b>439.13</b>
<b>2.20 Exceptional Items</b>		
Foreign Exchange (Gain)/ loss other than considered as an adjustment to borrowing costs	60.41	391.32
Loss on Sale of Fixed Assets	2.72	0.28
	<b>63.13</b>	<b>391.60</b>

**2.21** 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.

**2.22** 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.

<b>2.23</b> Contingent liabilities and commitment (to the extent nor provided for)	(₹ in Lacs)	
	As at 31.3.2013	As at 31.3.2012
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	185.32	2,491.82
2. Contingent Liabilities not provided for:		
(a) Letters of Credit issued by Bank	120.97	918.54
(b) Bank Guarantee issued by Bank	80.91	80.91
(c) Stamp Duty (Land)	—	5.21
3. Export obligation under EPCG Scheme	<b>54.40</b>	<b>51.17</b>

	(₹ in Lacs)	
	2012-13	2011-12
Borrowing cost capitalized	1989.20	319.93

<b>2.25</b> Payment to Auditors	(₹ in Lacs)	
	2012-13	2011-12
<b>As Auditor</b>		
- Statutory audit fees	1.10	1.10
- Tax audit fees	0.25	0.25
<b>In other capacity</b>		
- Other Services (certification fees)	1.35	0.75
	<b>2.70</b>	<b>2.10</b>

## Notes to financial statements for the year ended 31ST MARCH 2013

2.26 Trade Receivable includes the following amounts due from companies under same management (₹ in lacs)

Name of the Company	Status	Amount Due as at	
		31.03.2013	31.03.2012
Cement Manufacturing Company Limited	Holding Company	46.36	103.73
Megha Technical & Engineers Pvt. Ltd	Fellow Subsidiary	49.87	61.63
Star Cement Meghalaya Limited	Fellow Subsidiary	187.66	8.21

2.27 Unhedged foreign currency exposures as on balance sheet date

Nature of Item	As at 31.03.2013			As at 31.03.2012		
	Foreign Currency	Foreign Currency (in Lacs)	Indian Rupees (in Lacs)	Foreign Currency	Foreign Currency (in Lacs)	Indian Rupees (in Lacs)
	FCNRB - Term Loan	USD	49.88	2,711.51	USD	60.38
ECB	USD	224.15	12,191.36	USD	220.00	11,254.43

2.28 Earnings per Share (EPS):

In terms of Accounting Standard - 20, the calculation of EPS is given below : (₹ in lacs)

	2012-13	
Profit / (Loss) attributable to equity shareholders	54.13	(286.52)
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	1,14,67,713
Weighted Average No. of Equity Shares Outstanding for diluted EPS (Face Value of ₹ 10/- per share)	17,130,620	48,81,09,307
Basic Earnings Per Share (₹)	0.32	—
Diluted Earnings Per Share (₹)	0.32	—

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 Disclosure in respect of related parties pursuant to Accounting Standard 18 "Related Party Disclosures"

a) Names of related parties and related party relationship

Holding Company	Century Plyboards (India) Limited (CPIL) (Ultimate Holding Company)
	Cement Manufacturing Company Limited. (CMCL) ( Holding Company)
Fellow Subsidiary	Megha Technical & Engineers Pvt. Ltd. (MTEPL) (Subsidiary of CMCL)
	Star Cement Meghalaya Limited (SCML) ( Subsidiary of CMCL)
Associates	Shyam Century Cement Industries Limited (SCCIL)
Key Management Personnel	Mr. Sajjan Bhajanka
	Mr. Prem Kumar Bhajanka

## Notes to financial statements for the year ended 31ST MARCH 2013

- b) 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 2013.

(₹ in Lacs)

Sl. No.	Type of Transactions	Holding Company		Associate / Fellow Subsidiaries Companies		Key Management Personnel	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1	<b>Purchase of Capital Goods</b>						
	CPIL	0.42	—	—	—	—	—
	CMCL	252.26	76.23	—	—	—	—
	MTEPL	—	—	41.81	—	—	—
2	<b>Sale Transaction</b>						
	CMCL	2,115.58	2,140.69	—	—	—	—
	MTEPL	—	—	1,392.82	1,202.71	—	—
	SCML	—	—	627.21	125.81	—	—
3	<b>Loan Received</b>						
	CMCL	1,550.00	—	—	—	—	—
4	<b>Remuneration Paid</b>						
	Sri Prem Kumar Bhajanka	—	—	—	—	36.00	18.00
5	<b>Interest Paid</b>						
	CMCL	12.45	—	—	—	—	—
6	<b>Balances Outstanding</b>						
A	<b>Share Capital / Securities Premium</b>						
	CPIL	3,373.50	3,373.50	—	—	—	—
	CMCL	3,568.31	3,568.31	—	—	—	—
B	<b>Debtors</b>						
	CMCL	46.36	103.73	—	—	—	—
	MTEPL	—	—	49.87	61.63	—	—
	SCML	—	—	187.66	8.21	—	—
C	<b>Guarantees outstanding</b>						
	Sri Sajjan Bhajanka	—	—	—	—	17,246.10	15,924.36
	Sri Prem Kumar Bhajanka	—	—	—	—	13,715.38	12,224.48
D	<b>Unsecured Loan</b>						
	CMCL	1,550.00	—	—	—	—	—

### 2.31 Gratuity and Other post -employment benefit plans

- (a) Defined Contribution Plans

The Company has recognized expenses of ₹ 11.49 lacs (Previous Year ₹ 10.61 lacs) towards the defined contribution plans.

## Notes to financial statements for the year ended 31ST MARCH 2013

(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)

	Gratuity		Leave Encashment	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
I Expenses recognized in the Statement of Profit & Loss for the year ended March 31, 2013.				
1 Current Service Cost	2.48	2.43	0.53	0.04
2 Interest Cost	0.63	0.62	0.27	0.43
3 Employee Contribution	—	—	—	—
4 Expected Return on Plan Assets	(0.80)	(0.69)	—	—
5 Actuarial (Gains)/Losses	(1.11)	(4.70)	0.90	(4.50)
6 Past Service Cost	—	—	—	—
7 Settlement Cost	—	—	—	—
8 Losses/(gains) on acquisition/divesture	—	0.69	—	—
9 Total Expenses	1.20	(1.65)	1.70	(4.02)
II Net Asset/(Liability) recognized in the Balance Sheet as at 31st March, 2013				
1 Present Value of Defined Benefit Obligation	8.87	6.93	3.23	2.75
2 Fair Value of Plan Assets	9.31	8.58	—	—
3 Funded Status [Surplus/(Deficit)]	0.44	1.65	(3.23)	(2.75)
4 Net Asset/(Liability) as at 31st March, 2013	0.44	1.65	(3.23)	(2.75)
III Change in Obligation during the Year ended 31st March, 2013				
1 Present value of Defined Benefit Obligation at the beginning of the year	6.93	8.58	2.75	8.10
2 Current Service Cost	2.48	2.43	0.53	0.04
3 Interest Cost	0.63	0.62	0.27	0.43
4 Settlement Cost	—	—	—	—
5 Past Service Cost	—	—	—	—
6 Employee Contribution	—	—	—	—
7 Liabilities assumed on acquisition/(settled on divesture)	—	—	—	—
8 Actuarial Gains/Losses	(1.18)	(4.70)	0.90	(4.50)
9 Benefits Payments	—	—	(1.22)	(1.33)
10 Present Value of Defined Benefit Obligation at the end of the year	8.87	6.93	3.23	2.75
IV Change in assets during the Year ended March, 2013				
1 Plan Assets at the beginning of the year	8.58	8.58	—	—
2 Assets acquired on amalgamation in previous year	—	—	—	—
3 Settlements	—	—	—	—
4 Expected return on plan assets	0.80	0.69	—	—
5 Contributions by employer	—	8.58	1.22	1.33
6 Actual Benefit Paid	—	—	(1.22)	(1.33)
7 Actuarial Gains/(Losses)	(0.07)	(0.69)	—	—
8 Plan Assets at the end of the year	9.31	8.58	—	—
9 Actual Return on plan assets	—	—	—	—

## Notes to financial statements for the year ended 31ST MARCH 2013

	Gratuity		Leave Encashment	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
V The major categories of plan assets as a percentage of the fair value of total plan assets.				
1 Funded with insurer.	100%	100%	100%	100%
2 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%	8.25%	8%

### 2.32 Capacity and Production :

Particulars	2012-13	2011-12
i) Installed Capacity - Power Plant	51 MW	8 MW
ii) Generation - Power (KWH)	7,10,69,650	6,43,48,110

\* Includes Captive consumption of 13,94,898 KWH (Previous Year - 3,41,069 KWH)

\* Annual capacity as certified by the management and being a technical matter, accepted by the Auditors.

### 2.33 Sales :

Particulars	2012-13		2011-12	
	(KWH)	Value	(KWH)	Value
		(₹ in Lacs)		(₹ in Lacs)
i) Power	6,35,66,159	4,131.97	5,86,03,052	3,476.35

\*Includes 13,94,898 KWH, ₹ 68,42,154/- (Previous year 3,41,069 KWH, ₹ 16,88,060/-) for captive use

### 2.34 Fuel, Stores & Spares Consumed (100% Indigenous):

Particulars	2012-13		2011-12	
	Quantity	Value	Quantity	Value
	(MT)	(₹ in Lacs)	(MT)	(₹ in Lacs)
i) Coal	59,847.52	2,506.28	50,460.64	1,777.56
ii) Stores & Spares	—	27.21	—	18.15

### 2.35 Expenditure in Foreign Currency:

Expenditure :	2012-13	2011-12
i) Interest & Finance Charges	1,671.34	950.29
<b>Total</b>	<b>1,671.34</b>	<b>950.29</b>

2.36 Figures have been rounded off to the nearest Rupees in Lacs.

2.37 The Company is eligible for deduction u/s 80IA of the Income Tax Act, 1961 for ten consecutive financial years falling within a period of fifteen financial years, which has began with the financial year 2009-10. However, so far the Company has not availed this option.

2.38 Previous year's figure has been regrouped and/or rearranged wherever necessary, to confirm to current year's classification.

As per our report of even date

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

**CA. Arun Kumar Sharma**  
Partner

Membership No. 57329

Place : Lumshnong, Meghalaya

Date : 24th April, 2013

For and on behalf of the Board

**Prem Kumar Bhajanka**  
Managing Director

**Brij Bhushan Agarwal**  
Director









**STARCEMENT**

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