
Power Solid
Meghalaya Power Limited
Annual Report 2011-12

Corporate Information

Board of Directors

Prem Kumar Bhajanka	Managing Director
Sajjan Bhajanka	Director
Brij Bhushan Agarwal	Director
Mangi Lal Jain	Director
Rangbahduh 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:- Jaintia Hills, Meghalaya – 793 200

Corporate Office

‘Satyam Towers’ 1st Floor, Unit No. 9B

3, Alipore Road, Kolkata – 700 027

Directors Report 2011-12

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report, together with the Audited Financial Accounts as at 31st March 2012.

1. Financial Results

The highlights of the financial performance for the financial year ended March 31, 2012 as compared to the previous year are as under:

(₹ in Lacs)

PARTICULARS	2011—12	2010—11
Net Sales/Income	3,485.71	3,561.74
Profit before Depreciation, Interest, Tax and Exceptional Items	1,379.11	1,758.01
Exceptional items	(391.60)	99.10
Profit before Depreciation, Interest and Tax	987.51	1,857.11
Depreciation	(566.25)	(661.80)
Interest & Finance Charges	(439.13)	(277.23)
Profit/(Loss) before Tax	(17.87)	918.09
Current Tax	(20.49)	(183.72)
Less MAT credit entitlement	–	183.72
Deferred Tax	18.76	17.51
MAT Credit Entitlement for earlier year written back	(183.72)	–
Income Tax for earlier Year	(83.21)	–
Profit after tax	(286.52)	935.60

2. Performance

During the Financial Year 2011-12 company has achieved higher level of efficiency in different areas of operation. Power generation has increased from 581.91 Lacs units during the financial year 2010-11 to 643.48 Lac Units during the year under review registering a growth of 10.58% over previous year. Auxiliary Consumption has reduced from 9.68% of generation during the financial year 2010-11 to 8.96% during 2011-12. On the other hand Plant Load Factor has increased from 83.04% during the Financial Year 2010-11 to 91.57% during the year under review.

However, operational efficiencies brought in were offset on account of increase in landed cost of coal and foreign currency fluctuation and Company's financial performance has been affected severely on these two counts. Prices of coal have gone up significantly during the financial year 2011-12. Landed cost of coal has gone up from ₹3180/- PMT during the financial year 2010-11 to ₹4002/- PMT during financial year 2011-12. The performance has also been affected due to sharp devaluation of Rupee leading to foreign currency fluctuation loss in respect of foreign currency loans taken by company. Company has posted loss of ₹286.52 Lacs during the financial year 2011-12 as against profit of ₹935.60 Lacs during the financial year 2010-11.

3. Industry Outlook

India has always been deficit in terms of supply of electricity with respect to demand and demand growth year after year. As of November 2011, the electricity sector in India had an installed capacity of 185.5 GW and was 5th largest on world map in terms of installed capacity. In December 2011, over 300 million of Indian Citizen had no access to electricity and over one-third of India's rural population lacked electricity. Even 6% of urban population too lacked electricity and of those who did have access to electricity in India, the supply was intermittent and unreliable. On the consumption side, the per capita average annual domestic consumption of electricity in India was only 96 Kwh in rural areas and 288 Kwh in urban areas which, as compared to 2600 Kwh worldwide and 6200 Kwh in the European Union looks too much on the lower side. The data above suggests that India as a country provides ample opportunities and potential for power sector. With increase in population and rapid industrialization taking place, the demand of electricity is likely to grow exponentially.

State of Meghalaya continued to remain deficit in terms of power availability. Against total demand of more than 600 MW State is generating around 227 MW of power which includes 42 MW of power from the first unit of Myntdu-Leshka power project which was recently commissioned. With Commissioning of second and third unit of project which is likely to be commissioned during the financial year 2012-13, the total power generation in the State would go up to 301 MW. State's power purchase cost has been rising year after year. During the financial year 2009-10 State had purchased power to the tune of ₹222.62 Crores and the same is projected to increase to ₹483.03 Crores during the financial year 2012-13. Against contracted demand of 1873.72 MU of HT and EHT consumers, the projected availability was 624.32 MU only which is only one-third of requirement. Shortfall in generation of power in state with increasing gap in demand supply scenario, State provides ample opportunities and potential for company's existing power plant and upcoming expansion.

4. Projects

The progress on the implementation of total 51 MW power project of the company has been smooth during the financial year under review. After completion of 8 MW, the balance work is also progressing satisfactorily and is expected to commence commercial operation during the next financial year 2012-13.

5. Dividend

In view of losses reported by the company during the year under review and in order to conserve the resources for future requirement, your directors do not recommend any dividend for the year under review.

6. 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.

7. Corporate Social Responsibility

Corporate Social Responsibility has always been on the priority agenda of your company. Your company always believes that the communities, villages and Elaka within vicinity of our plans are significant stakeholders in our journey of growth. Your company has undertaken the project of street lighting in the local village for convenience of village residents. For upliftment of economic condition of village residents, your company has provided employment to the people of local village at various levels in the organization according to their qualification and experience. The Company has also started sourcing coal from local village residents in order to provide them the entrepreneurial opportunities. The Company plans to actively engage with various other social projects in nearby villages and Elaka to promote education, health, safety and knowledge sharing.

8. 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.

9. 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.

10. Capital Structure

During the year under review, your Company has further issued 64,36,720 equity shares of ₹10/- each at a premium of ₹40/- each ranking pari-passu in all respects to the existing shares to Cement Manufacturing Company Limited, its holding Company . The Paid-up share capital of the Company now stands at ₹1,713.06 Lacs.

11. 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.

12. Directors

In accordance with Article of Association of the Company, Mr. Lamshwa Kyndoh and Mr. Brij Bhushan Agarwal 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.

13. 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.

14. 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 2012; the applicable Accounting Standards have been followed and proper explanations were provided for material departures, if any.

2. the Directors had 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'2012 and of the Profit & Loss Account and Cash flow of the Company for the year ended March 31, 2012.

3. the directors had 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, 2012, on a going concern basis.

15. 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, 2012, the Audit Committee met four times on April 25, 2011, July 20, 2011, October 18, 2011 and January 18, 2012 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.

16. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLGY 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, 2012

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. Modification of Fly Ash Nozzle.
2. Replacement of APH Tube.
3. Replacement of Boiler and Duct Insulation.
4. Diversion of Cooling Tower blown down water and reject water of RO and DM Plant to Clarifier Tank.
5. Control of Steam Leakage through drains and vents of boiler and turbine area.
6. Cleaning of Condenser and Cooling Tower.
7. Change in Coal Feeding Management System.
8. Better Practices adopted in Storage of Raw Coal.

B. Technological absorption.

Benefits derived

1. Modification of Fly ash Nozzle resulted into better combustion of Fly ash.
2. Replacement of APH Tube helped in arresting leakages of air duct to eliminate air ingress.
3. Replacement of Boiler and Duct Insulation resulted into reduction in heat loss.
4. Diversion of Cooling Tower blown down water and reject water of RO and DM Plant to Clarifier Tank resulted into saving of water and auxiliary consumption of power.
5. Control of Steam Leakage through drains and vents of boiler and turbine area resulted into improvement in specific heat consumption.
6. Cleaning of Condenser and Cooling Tower led to

improvement in delta T and Condenser efficiency.

7. Change in Coal Feeding Management System has reduced CHP running hours.
8. Specific Fuel Consumption reduced from 0.84 Kg/Kwh during financial year 2010-11 to 0.78 Kg/Kwh during financial year 2011-12
9. Auxiliary power consumption reduced to 8.96%

Future plan of action

1. Use of Variable Fan Drive in Condensate Extraction Pump.
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.

17. Foreign Exchange Earnings & Outgo

(₹ in Lacs)

Particulars	2011—12	2010—11
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	950.29	261.87

18. Safety

Your Company has always given prime importance to occupational health and safety to all the persons working in its plant and stations by making all efforts to prevent all types of accidents. To comply with the safety requirements, qualified Safety Officers have been appointed in the unit. The line executives take full responsibility of safety management and take preventive measures. To spread the awareness of safety measures, safety months are organized involving each worker, wherein activities like safety related competitions including safety elocution, paintings and quizzes are conducted.

19. 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.

20. 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

Prem Kumar Bhajanka
Managing Director

Brij Bhushan Agarwal
Director

Place : Kolkata,
Date: 21st day of April'2012

Auditors' Report

To The Members of Meghalaya Power Limited

1. We have audited the attached Balance Sheet of MEGHALAYA POWER LIMITED as at 31st March, 2012, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we 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 also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annexed a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. Further to our comments in the Annexure referred in paragraph 3(1) above, 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 purposes of our audit;

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

   c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards as 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 at 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

f) In our opinion and to the best of our information and according to explanations given to us the said accounts read together with significant accounting policies and notes on accounts give the information required by the Companies Act, 1956 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 2012;

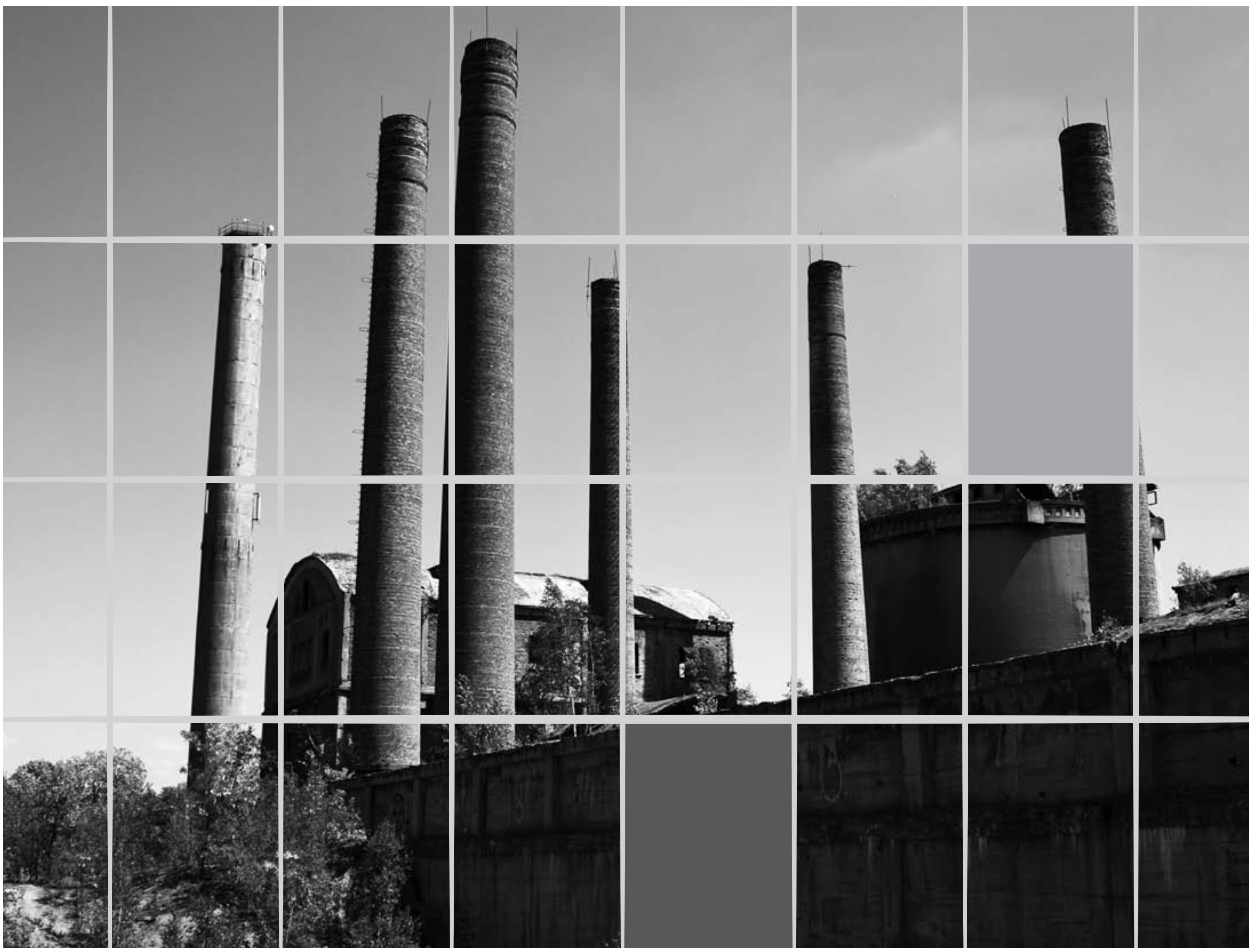
ii. in the case of the Profit and Loss account, of the Loss of the Company for the year ended on that date; and

iii. in the case of Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

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

CA. Arun Kumar Sharma
Partner
M. No. 57329

Place : Kolkata
Date : 21st April, 2012



Annexure Referred to in Paragraph (3) 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. The Company has neither granted nor taken any loans secured or unsecured to and from companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Hence, provisions of clause (iii)(b), (iii)(c), (iii) (d) of the Companies (Auditor's Report) Order, 2003(as amended) are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there in 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. As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.

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, 2012 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, 2012 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
Indian Stamp (Meghalaya Amendment) Act, 1993 and Registration Act, 1908	Stamp Duty	5.21	2010 – 11	Appeal to be filed

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. According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956 during the year. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
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 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
M. No. 57329

Place : Kolkata
Date : 21st April, 2012

Significant Accounting Policies

Meghalaya Power Limited

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 of thermal power and the same is sold & captively consumed. The power plant is located in Lumshnong, Meghalaya.

1. Significant Accounting Policies

1.1 Basis of Preparation

The financial statements have been prepared to comply in 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 Preparation and disclosure of financial statements

During the year ended 31st March 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of the revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

1.3 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.

1.4 Fixed Assets

Fixed Assets are stated at 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.

1.5 Capital Work In Progress

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

1.6 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.

1.7 Investments

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

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 Expenditure During Construction Period

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

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

BALANCE SHEET as at 31st March, 2012

(₹ in Lacs)

	Note	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	1,713.06	1,069.39
Reserves and Surplus	2.2	7,324.04	5,035.88
		9,037.10	**6,105.27**
Share Application Money Pending Allotment		–	3,160.05
Non-current Liabilities			
Long - Term Borrowings	2.3	14,421.42	2,661.65
Other Long -Term Liabilities	2.4	689.22	5.06
Long -Term Provisions	2.5	2.75	8.10
		15,113.38	**2,674.82**
Current Liabilities			
Short -Term Borrowings	2.6	609.17	3,425.00
Trade Payables		192.43	3.03
Other Current Liabilities	2.7	1,329.11	1,769.61
		2,130.71	**5,197.65**
Total		**26,281.20**	**17,137.78**
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	2.8	3,799.44	4,357.61
Capital Work in Progress(including pre-operative expenses)		16,075.97	7,510.74
		19,875.41	**11,868.35**
Deferred Tax Assets	2.9	19.05	0.29
Long - Term Loans and Advances	2.10	1,008.00	1,719.88
		1,027.04	**1,720.17**
Current Assets			
Inventories	2.11	2,329.71	1,440.98
Trade Receivables	2.12	176.81	180.74
Cash and Cash Equivalents	2.13	1,288.45	180.24
Short -Term Loans and Advances	2.14	1,583.78	1,747.30
		5,378.74	**3,549.26**
Total		**26,281.20**	**17,137.78**
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

CA. Arun Kumar Sharma
Partner
Membership No. 57329
Place: Kolkata
Date: 21st April 2012

Prem Kumar Bhajanka
Managing Director

Brij Bhushan Agarwal
Director

STATEMENT OF PROFIT AND LOSS for the Year Ended 31st March, 2012

(₹ in Lacs)

	Note	31.03.2012	31.03.2011
Income			
Revenue from Operations (Gross)	2.15	3,485.63	3,546.21
Less: Excise Duty		0.10	0.01
Revenue from Operations (Net)		3,485.52	3,546.20
Other Income	2.16	0.18	15.54
Total Revenue		**3,485.71**	**3,561.74**
Expenses			
Employee Benefit Expenses	2.17	130.56	135.62
Other Expenses	2.18	1,976.04	1,668.10
Depreciation and Amortization Expenses		566.25	661.80
Finance Costs	2.19	439.13	277.23
Total Expenses		**3,111.98**	**2,742.76**
Profit before exceptional and extraordinary items and tax		**373.73**	**818.98**
Exceptional Items	2.20	391.60	(99.10)
Profit/ (Loss) before Tax		(17.87)	918.09
Tax Expenses			
Current Tax		20.49	183.72
Less: MAT Credit entitlement		–	183.72
Net Current Tax		20.49	–
Deferred Tax		(18.76)	(17.51)
MAT Credit entitlement for earlier year written back		183.72	–
Income Tax for earlier year		83.21	–
Profit / (Loss) for the Period		**(286.52)**	**935.60**
Earnings Per Equity Share (face value of ₹10/-each) (refer Note 2.28)			
Basic Earning per share		(2.50)	8.75
Diluted Earning per share		(0.06)	2.69
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

CA. Arun Kumar Sharma
Partner
Membership No. 57329
Place: Kolkata
Date: 21st April 2012

Prem Kumar Bhajanka
Managing Director

Brij Bhushan Agarwal
Director

(₹ in Lacs)

	31.03.2012	31.03.2011
2.1 — Share Capital		
Authorised	2,000.00	2,000.00
Equity shares ₹10/— par value 2,00,00,000 (2,00,00,000) equity shares		
Issued, Subscribed & fully Paid — up	1,713.06	1,069.39
Equity shares ₹10/— par value 1,71,30,620 (1,06,93,900) equity shares		
	1,713.06	**1,069.39**
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 will 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	**No. of Shares**	**No. of Shares**
At the beginning of the year	10,693,900	10,430,000
Issued during the period	6,436,720	263,900
Outstanding at the end of the period	17,130,620	10,693,900
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	8,736,620	5,453,900
Century Plyboards (I) Limited, the ultimate holding company	8,358,998	5,204,998
	17,095,618	**10,658,898**
d) **Details of Shareholders holding more than 5% shares in the company**		
Name of the Shareholders	**No. of Shares (% of holding)**	**No. of Shares (% of holding)**
Cement Manufacturing Company Limited, the holding company	87,36,620 (51%)	54,53,900 (51%)
Century Plyboards (I) Limited, the ultimate holding company	83,58,998 (49%)	52,04,998 (49%)
	1,70,95,618 (100%)	1,06,58,898 (100%)

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

(₹ in Lacs)

	31.03.2012	31.03.2011
2.2 — Reserves & Surplus		
Capital Reserve		
Balance as per last account	1,439.59	—
Addition/(Deduction) during the year	—	1,439.59
	1,439.59	**1,439.59**
Securities Premium Reserve		
Balance as per the last finacial statement	2,657.56	2,552.00
Addition during the year	2,574.69	105.56
Closing Balance	**5,232.25**	**2,657.56**
Surplus as per statement of Profit & Loss		
Balance as per the last finacial statements	938.72	3.13
Profit / (Loss) for the year	(286.52)	935.60
Net Surplus in the statement of Profit and Loss	652.20	938.72
	7,324.04	**5,035.88**

(₹ in Lacs)

	31.03.2012	31.03.2011
2.3 — Long Term Borrowings		
Term Loans		
Rupee Loan from a bank (Secured)	970.05	—
Foreign Currency loan from Banks (Secured)	14,343.00	3,110.55
	15,313.06	**3,110.55**
Less: Current Maturities of long term borrowing	891.64	448.89
	14,421.42	**2,661.65**

1) Rupee Term Loan of ₹970.05 Lacs and foreign currency loan of ₹11254.43 Lacs from a bank are repayble in 28 unequal quarterly installments commencing from March 2013.
2) Foreign currency loan of ₹3088.57 Lacs from a bank is repayable in 28 unequal quarterly installments commenced since September 2010.
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 default's in repayment of loans and interest as at reporting period.

(₹ in Lacs)

	31.03.2012	31.03.2011
2.4 — Other Long—Term Liabilities		
Retention Money	689.22	5.06
	689.22	**5.06**

(₹ in Lacs)

	31.03.2012	31.03.2011
2.5 — Long—Term Provisions		
Provisions for Employee Benefits		
Leave encashment	2.75	8.10
	2.75	**8.10**

(₹ in Lacs)

	31.03.2012	31.03.2011
2.6 — Short Term Borrowings		
Working Capital facilities from a Bank		
Cash credit from a bank (Secured)	609.17	—
Loans and Advances from Related Parties repayable on demand (unsecured) (refer note 2.29)	—	3,425.00
	609.17	**3,425.00**

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 had been guaranteed by some of the directors of the Company.

(₹ in Lacs)

	31.03.2012	31.03.2011
2.7 — Other Current Liabilities		
Current Maturities of long—term borrowings	891.64	448.89
Other Payables		
Statutory Liabilities	136.83	35.97
Creditors for Capital goods	132.05	536.21
Creditors — Micro, Small and Medium Enterprises (Refer Note No 2.22)	—	—
Salary and Bonus to employees	16.00	10.90
Other Liabilities	152.59	737.64
	1,329.11	**1,769.61**

2.8 — Tangible Assets

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.11	Additions	Deduction/ Adjustment	Total as on 31.03.12	Up to 31.03.11	During the Year	Adjust— ment	Total as on 31.03.12	As on 31.03.12	As on 31.03.11
Land & Site Development	341.70	8.78	—	350.48	—	—	—	—	350.48	341.70
Building										
Factory Building	859.64	—	—	859.64	126.24	73.34	—	199.58	660.06	733.40
Non–Factory Building	120.43	—	—	120.43	9.00	5.57	—	14.57	105.86	111.43
Plant and Machinery	3,567.72	—	—	3,567.72	786.61	425.91	—	1,212.53	2,355.19	2,781.10
Vehicles	114.39	7.09	6.59	114.89	57.00	16.54	4.07	69.47	45.42	57.39
Office Equipments	7.48	0.24	—	7.71	2.24	1.00	—	3.24	4.48	5.24
Computers	13.33	1.02	—	14.36	7.27	3.68	—	9.96	4.40	7.06
Electrical Installations	314.23	—	—	314.23	67.18	37.78	—	104.96	209.26	247.05
Furniture & Fixtures	17.09	0.09	—	17.18	9.08	2.38	—	11.45	5.73	8.02
Tools & Tackles	67.65	2.26	—	69.91	10.60	8.12	—	18.73	51.18	57.05
Laboratory Equipments	10.84	0.36	—	11.20	3.66	1.17	—	3.83	7.37	8.18
Total	**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**
Previous Years figures	**5,363.63**	**77.86**	**7.00**	**5,434.49**	**414.28**	**666.52**	**3.92**	**1,076.88**	**4,357.61**	**4,949.35**

Depreciation includes ₹9.25 Lacs (31.03.2011— ₹4.72 Lacs) capitalised as pre-operative expenses.

(₹ in Lacs)

	31.03.2012	31.03.2011
2.9 — Deferred Tax Assests		
Fixed Assests	17.03	0.29
Leave Encashment	0.56	—
Preliminary Expenses	1.45	—
	19.05	**0.29**

(₹ in Lacs)

	31.03.2012	31.03.2011
2.10 — Long-Term Loans & Advances		
Capital Advances		
Unsecured, Considered Good	1,006.42	1,718.30
Security Deposits		
Unsecured, considered Good	1.58	1.58
	1,008.00	**1,719.88**

(₹ in Lacs)

	31.03.2012	31.03.2011
2.11 — Current Assets		
Inventories		
Fuels, Stores & Spares parts	2,329.71	1,440.98
	2,329.71	**1,440.98**

(₹ in Lacs)

	31.03.2012	31.03.2011
2.12 — Trade Receivables		
Unsecured, considered good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3.24	–
	3.24	**–**
Other receivables		
Unsecured, considered good (refer note 2.26)	173.57	180.74
	173.57	**180.74**
	176.81	**180.74**

(₹ in Lacs)

	31.03.2012	31.03.2011
2.13 — Cash & Cash Equivalents		
Balances with banks		
On Current Accounts	165.81	172.16
Deposits with original maturity of less than three months	1,100.00	–
Cheques on hand	21.07	4.44
Cash on hand	1.56	3.64
	1,288.45	**180.24**

(₹ in Lacs)

	31.03.2012	31.03.2011
2.14 — Short - Term Loans and Advances		
Others		
Unsecured considered Good		
Advances for Services & Expenses	5.78	37.57
Prepaid Expenses	28.99	27.10
Balance with / Receivable from Government	58.20	58.03
Subsidies Receivable from Government authorities	1,455.97	1,445.82
Advance Income Tax, net of Provision for taxation	30.16	164.36
Advance to Suppliers	0.70	0.70
Loans to employee	3.98	—
	1,583.78	**1,747.30**

(₹ in Lacs)

	2011 — 12	2010 — 11
2.15 — Revenue from Operations		
Sale of Power	3,459.46	3,525.50
Add: Captive Consumption	16.88	6.95
	3,476.35	**3,532.44**
Other Operating Income		
Sale of Fly Ash	9.28	9.74
Scrap Sales	—	4.02
	9.28	**13.76**
	3,485.63	**3,546.21**

(₹ in Lacs)

	2011 — 12	2010 — 11
2.16 — Other Income		
Interest income on		
Others	0.18	0.61
Other Non-operating income	—	14.93
	0.18	**15.54**

(₹ in Lacs)

	2011 — 12	2010 — 11
2.17 — Employees Benefit Expenses		
Salaries, Wages & other Manpower Expenses	124.94	128.52
Contribution to Provident Fund	2.70	2.61
Staff Welfare Expenses	2.93	4.48
	130.56	**135.62**

(₹ in Lacs)

	2011 — 12	2010 — 11
2.18 — Other Expenses		
Consumption of Stores & Spares	18.15	22.20
Power & Fuel	1,777.56	1,438.40
Repairs & Maintenance		
Building	1.61	7.42
Plant & Machinery	32.27	52.15
Others	4.99	6.51
Insurance(Net)	12.29	12.77
Rent, Rates & Taxes	45.94	38.72
Miscellaneous Expenses	59.14	74.75
Heavy Vehicle / Equipment Running Expenses	24.08	15.18
	1,976.04	**1,668.10**

(₹ in Lacs)

	2011 — 12	2010 — 11
2.19 — Finance Costs		
On Fixed Loan	200.62	268.57
Others	20.30	—
Exchange Fluctuation (Gain) / Loss to the extent considered as an adjustment to borrowing costs	210.76	—
Other finance Costs	7.45	8.67
	439.13	**277.23**

(₹ in Lacs)

	2011 — 12	2010 — 11
2.20 — Exceptional Items		
Foreign Exchange (Gain)/ Loss other than considered as an adjustment to borrowing costs	391.32	(99.10)
Loss on Sale of Fixed Assets	0.28	-
	391.60	**(99.10)**

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.

(₹ in Lacs)

	As at 31.03.2012	As at 31.03.2011
2.23 — Contingent liabilities and commitment (to the extend nor provided for)		
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	2,491.82	5,151.55
2. Contingent Liabilities not provided for:		
a) Letters of Credit issued by Bank	918.54	2,033.44
b) Bank Guarantee issued by Bank	80.91	80.91
c) Stamp Duty (Land)	5.21	—
3. Export obligation under EPCG Scheme	51.17	146.98

(₹ in Lacs)

	2011 — 12	2010 — 11
2.24 — Borrowing cost capitalized		
Borrowing cost capitalized	319.93	70.91

(₹ in Lacs)

	2011 — 12	2010 — 11
2.25 — Payment to Auditors		
As Auditor		
Statutory audit fees	1.10	1.00
Tax audit fees	0.25	0.15
In other capacity		
Other Services (certification fees)	0.75	0.44
	2.10	**1.59**

(₹ in Lacs)

Name of the Company	Status	Amount Due as as 31.03.2012	31.03.2011
2.26 — Trade Receivable includes the following amounts due from companies under same management			
Cement Manufacturing Company Limited.	Holding Company	103.73	126.22
Megha Technical & Engineers Pvt. Ltd	Fellow Subsidiary	61.63	40.29
Star Cement Meghalaya Limited	Fellow Subsidiary	8.21	11.00

(₹ in Lacs)

Nature of Item	As at 31.03.12			As at 31.03.11		
	Foreign Currency	Foreign Currency	Indian Rupees	Foreign Currency	Foreign Currency	Indian Rupees
2.27 — Un hedged Foreign Currency Exposures						
FCNRB- Term Loan	USD	60.38	3,088.57	USD	67.38	3,008.29
ECB	USD	220.00	11,254.43	USD	—	—

(₹ in Lacs)

	2011 — 12	2010 — 11
2.28 — Earnings per Share (EPS)		
In terms of Accounting Standard - 20, the calculation of EPS is given below:		
Profit / (Loss) attributable to equity shareholders	(286.52)	935.60
Equity Share Capital	1,713.06	1,069.39
Weighted Average No. of Equity Shares Outstanding for basic EPS (Face Value of ₹10/- per share)	1,14,67,713	1,06,93,900
Weighted Average No. of Equity Shares Outstanding for diluted EPS (Face Value of ₹10/- per share)	48,81,09,307	3,48,15,660
Basic Earnings Per Share (₹)	(2.50)	8.75
Diluted Earnings Per Share (₹)	(0.06)	2.69

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

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 2012

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Associates / Fellow Subsidiaries Companies		Key Management Personnel	
		2011–12	2010–11	2011–12	2010–11	2011–12	2010–11
1	**Purchase of Capital Goods**						
	CPIL	–	3.11	–	–	–	–
	CMCL	76.23	152.52	–	–	–	–
2	**Sale of Capital Goods**						
	CMCL	–	3.20	–	–	–	–
3	**Sale of Power**						
	CMCL	2,130.94	3018.74	–	–	–	–
	MTEPL	–	–	1,202.71	320.20	–	–
	SCML	–	–	125.81	186.56	–	–
4	**Sale of Fly Ash**						
	CMCL	9.75	10.16	–	–	–	–

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 2012 (Contd.)

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Associates / Fellow Subsidiaries Companies		Key Management Personnel	
		2011–12	2010–11	2011–12	2010–11	2011–12	2010–11
5	**Reimbursement of Expenses/ Cost of Material Paid**						
	CMCL	74.19	59.59	–	–	–	–
	MTEPL	–	–	0.73	3.02	–	–
	SCML	–	–	83.13	305.03	–	–
6	**Reimbursement of Expenses/ Cost of Material Received**						
	CPIL	–	9.90	–	–	–	–
	CMCL	4.30	27.44	–	–	–	–
	MTEPL	–	–	0.89	0.30	–	–
	SCML	–	–	32.85	158.28	–	–
	SCCIL	–	–	–	1.61		
7	**Loan Received**						
	CMCL	–	3,565.00	–	–	–	–
8	**Service Received**						
	CMCL	9.93	–	–	–	–	–
	SCML	–	–	23.47	–	–	–
9	**Remuneration Paid**						
	Sri Prem Kumar Bhajanka	–	–	–	–	18.00	–
10	**Interest Paid**						
	CMCL	–	45.59	–	–	–	–
11	**Guarantee obtained**						
	Sri Sajjan Bhajanka	–	–	–	–	18,350.00	17,400.00
	Sri Prem Kumar Bhajanka	–	–	–	–	14,000.00	14,000.00
12	**Share Application Received**						
	CMCL	–	705.00	–	–	–	–
	CPIL	–	1,577.00	–	–	–	–
13	**Share Capital / Securities Premium**						
	CMCL	1,641.36	131.95	–	–	–	–
	Balances Outstanding						
A	**Share Application Money**						
	CPIL	–	1,577.00	–	–	–	–
	CMCL	–	5,008.05	–	–	–	–

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 2012 (Contd.)

(₹ in Lacs)

Sl No.	Types of Transactions	Holding Company		Associates / Fellow Subsidiaries Companies		Key Management Personnel	
		2011–12	2010–11	2011–12	2010–11	2011–12	2010–11
B	**Share Capital / Securities Premium**						
	CPIL	3,373.50	1,796.50	–	–	–	–
	CMCL	3,568.31	1,926.95	–	–	–	–
C	**Creditors**						
	SCML	–	–	–	450.00	–	–
D	**Debtors**						
	CMCL	103.73	126.22	–	–	–	–
	MTEPL	–	–	61.63	40.29	–	–
	SCML	–	–	8.21	11.00	–	–
E	**Guarantees outstanding**						
	Sri Sajjan Bhajanka	–	–	–	–	15,924.36	17,109.20
	Sri Prem Kumar Bhajanka	–	–	–	–	12,224.48	14,000.00

2.31 Gratuity and Other post-employment benefit plans

a) Defined Contribution Plans

The Company has recognized expenses of ₹10.61 Lacs (Previous Year ₹10.39 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 tables 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	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
I	**Expense recognized in the Statement of Profit and Loss Account for the year ended 31st March'2012**				
1	Current Service Cost	2.43	3.45	0.04	1.07
2	Interest Cost	0.62	0.45	0.43	0.50
3	Employee Contribution	–	–	–	–

(₹ in Lacs)

		Gratuity		Leave Encashment	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
4	Expected Return on Plan Assets	(0.69)	–	–	–
5	Actuarial (Gains)/Losses	(4.70)	(1.01)	(4.50)	2.73
6	Past Service Cost	–	–	–	–
7	Settlement Cost	–	–	–	–
8	Losses/(gains) on acquisition/divesture	0.69	–	–	–
9	Total Expenses	(1.65)	2.89	(4.02)	4.30
II	**Net Asset/(Liability) recognized in the Balance Sheet as at 31st March'2012**				
1	Present Value of Defined Benefit Obligation	6.93	8.57	2.75	8.10
2	Fair Value of Plan Assets	8.58	–	–	–
3	Funded Status [Surplus/(Deficit)]	1.65	–	(2.75)	–
4	Net Asset/(Liability) as at 31st March'2012	1.65	(8.57)	(2.75)	(8.10)
III	**Change in Obligation during the Year ended 31st March'2012**				
1	Present value of Defined Benefit Obligation at the beginning of the year	8.58	–	8.10	–
2	Current Service Cost	2.43	3.45	0.04	4.46
3	Interest Cost	0.62	0.45	0.43	1.07
4	Settlement Cost	–	5.68	–	0.50
5	Past Service Cost	–	–	–	–
6	Employee Contribution	–	–	–	–
7	Liabilities assumed on acquisition/(settled on divesture)	–	–	–	–
8	Actuarial Gain / Losses	(4.70)	(1.01)	(4.50)	2.73
9	Benefits Payments	–	–	(1.33)	(0.66)
10	Present Value of Defined Benefit Obligation at the end of the year	6.93	8.57	2.75	8.10
IV	**Change in assets during the Year ended March'2012**				
1	Plan Assets at the beginning of the year	8.58	–	–	–
2	Assets acquired on amalgamation in previous year	–	–	–	–
3	Settlements	–	–	–	–
4	Expected return on plan assets	0.69	–	–	–

(₹ in Lacs)

		Gratuity		Leave Encashment	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011
5	Contributions by employer	8.58	8.58	1.33	–
6	Actual Benefit Paid	–	–	(1.33)	–
7	Actuarial Gains/(Losses)	(0.69)	–	–	0.66
8	Plan Assets at the end of the year	8.58	8.58	–	(0.66)
9	Actual Return on plan assets	–	–	–	–
V	**The major categories of plan assets as a percentage**				
	of the fair value of total plan assets.				
1	Funded with insurer.	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%	8%	–	–

2.32 – Capacity and Production:

	2011 – 12	2010 – 11
i) Installed Capacity – Power Plant	8 MW	8 MW
ii) Generation - Power (KWH)	64348110	58190940

* Includes Captive consumption of 341069 KWH (Previous Year - 134931 KWH)

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

2.33 – Sales

Particulars	2011-2012 (KWH)	2011-2012 Value (₹in Lacs)	2010-2011 (KWH)	2010-2011 Value (₹in Lacs)
i) Power	58603052	3476.35	52420523	3532.44

* Includes 341069 KWH, ₹1688060/- (Previous year 134931 KWH, ₹694688/-) for captive use

Particulars	2011-2012		2010-2011	
	Quantity (MT)	Value (₹in Lacs)	Quantity (MT)	Value (₹in Lacs)
2.34 — Fuel, Stores & Spares Consumed (100% Indigenous):				
i) Coal	50,460.64	1,777.56	49,405.15	1438.40
ii) Stores & Spares	–	18.15	–	22.20

Expenditure	2011 — 12	2010 — 11
2.35 — Expenditure in Foreign Currency		
i) Interest & Finance Charges	950.29	105.67
ii) Purchase of Stores, Spares & Components	–	2.28
Total	**950.29**	**107.95**

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

2.37 The Company is eligible for 100% deduction of the profit u/s 80IA of the Income Tax Act, 1961 for consecutive ten financial years falling within a period of fifteen financial years, which has began with the financial year 2009-10. However, the Company has not availed the option till the current financial year and will avail the same any time within the financial year 2014-15.

2.38 Till the year ended 31st March 2011, the company was using pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statement. During the year ended 31st March 2012, the revised schedule VI notified under the Companies Act, 1956 has become applicable to the company. The Company has reclassified previous year fiqure to confirm to this year's classification.

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

For and on behalf of the Board

CA. Arun Kumar Sharma
Partner
Membership No. 57329
Place: Kolkata
Date: 21st April 2012

Prem Kumar Bhajanka
Managing Director

Brij Bhushan Agarwal
Director

Notes to financial statements for the year ended 31st March, 2012 (Contd.)

(₹ in Lacs)

Particulars	31.03.2012	31.03.2011
Cash Flow from Operating Activities		
Net Profit / (Loss) before tax and Exceptional Items	373.73	807.73
Adjustments for:		
Depreciation	566.25	661.80
Unrealised Foreign Exchange Gain / (Loss) - Net	(391.32)	96.84
Interest Income	(0.18)	(0.61)
Interest Expenses	220.92	265.77
Provision for Gratuity & Leave Encashment	(5.35)	6.53
Provision for Income Tax	(20.49)	19.35
Operating Profit before working Capital changes	**743.56**	**1,857.41**
Adjustments for :		
Trade receivables	3.93	(59.90)
Inventories	(888.73)	(684.63)
Other receivables	875.41	(2,116.19)
Other payable (Including Trade Payable)	(245.76)	931.55
Cash Generated from Operations	**488.41**	**(71.76)**
Direct Taxes Paid	(70.00)	(160.00)
Net Cash Flow from Operating Activities (A)	**418.41**	**(231.76)**
Cash Flow from Investing Activities		
Purchase of Fixed Assets (Including WIP) - Net	(8,573.31)	(5,769.18)
Gain / (Loss) on sale of Assets	(0.28)	3.20
Interest Received	0.18	0.61
Net Cash used in investing Activities (B)	**(8,573.40)**	**(5,765.37)**
Cash Flow from Financing Activities		
Interest Paid	(220.92)	(265.77)
Proceeds from issue of share Capital (Including Share Application)	(138.62)	2,176.44
Capital Reserve	–	1,558.67
Proceeds from / (Repayment of) Long Term Borrowings	12,438.56	(1,157.15)
Proceeds from / (Repayment of) Short Term Borrowings	(2,815.83)	3,377.59
Net Cash used in Financing Activities (C)	**9,263.20**	**5,689.78**
Net Increase/(decrease) in cash and cash equivalents (A + B + C)	**1,108.21**	**12.67**
Cash and Cash Equivalents		
Opening Balance	**180.24**	**167.57**
Closing Balance	**1,288.45**	**180.24**

As per our report of even data

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

For and on behalf of the Board

CA. Arun Kumar Sharma
Partner
Membership No. 57329
Place: Kolkata
Date: 21st April 2012

Prem Kumar Bhajanka
Managing Director

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Director

NOTE

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