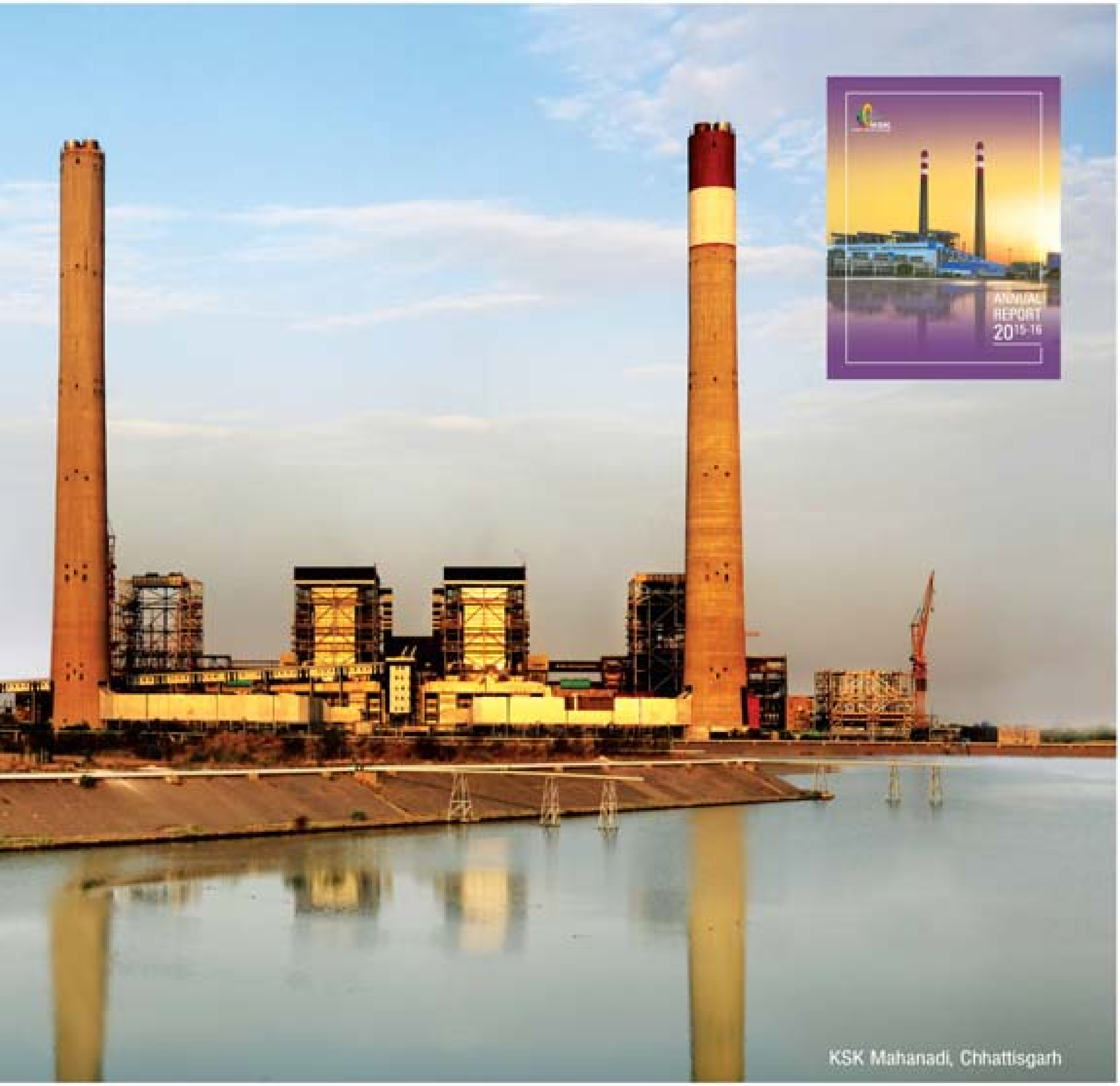
KSK

Power from knowledge

ANNUAL REPORT 2015-16

Content



KSK Mahanadi, Chhattisgarh

Financial Highlights

Sai Wardha, Maharashtra

Revenue **675m** 2015: 382m	Gross Profit **231m** 2015: 103m	Finance Income **26m** 2015: 19m
Investment in PPE **3,371m** 2015: 3,457m	Total Assets **4,344m** 2015: 4,290m	Cash Generated from Operation **144m** 2015: 93m
Operating Profit **160m** 2015: 41m	(Loss) / Profit After Tax **(96)m** 2015: (69)m	Cash and Bank Deposit **123m** 2015: 198m
	Project Finance **2,794m** 2015: 2,761m	

Chairman's Statement

"Coal fired power generation of 862 Terawatt-hour (TWh) as against 1168 TWh of aggregate generation from all sources across India during FY 2016 only goes to demonstrate the necessity and vitality of this traditional generation source in India's energy mix. Of this 862 TWhs under coal fired generation, 310 TWh originated from stations owned and operated by the Private sector and balance still by government sector only points out the intrinsic role of the state sector in power generation footprint of India."

Further, such coal fired generation, examined on the backdrop of Plant Load Factor (PLF) of 60% levels, further points to the logical conclusion of enhanced performance of these various historically conceived IPPs to much higher levels before any other new capacities are to be conceived. Also, highest ever new capacity addition of 6.96 GW in the renewable segment during FY 2016 in India with wind and solar being the main drivers, new initiatives on renewable energy is expected to take the main ground of power generation in India. Further, it promises of a vibrant market for all forms of energy (including energy from renewables) in addressing the needs of energy-starved India as it gallops to higher economic growth rates.

It is anticipated that pragmatic and strategic asset level collaborations, addressing the capital structure needs of individual power plants and progressing to a de risked power generation asset portfolio is vital for the company and its various stakeholders at large. Also such a position also bodes well for India as well as enabling KSK emerging as stable generator of competitive conventional thermal energy at sustainable levels and being integral to the Indian power sectors progress and achievements ahead.

The year 2015-16 has been a significant year for the company with operating and financial performance improvements in direct correlation with higher Plant Load Factors (PLFs) achieved compared to the previous years. While the immediate term performance of the Company during the year has witnessed upward movement on resolution of transmission constraints for planned power supplies from the initial 1200 MW, further scale up of gross generation at KSK Mahanadi along with associated revenue and profitability hereinafter is expected to be more gradual in line and synchronous with further planned unit commissioning. Also efforts on performance improvements at few of the other portfolio power projects are currently underway with openness for appropriate collaboration at such asset levels as may be necessary.

> "The year 2015-16 has been a significant year for the company with operating and financial performance improvements in direct correlation with higher Plant Load Factors (PLFs) achieved compared to the previous years."

However, it is important to highlight that during the recent quarters Indian power sector has enabled stakeholders towards better appreciation of the distinct circumstances emerging across the Indian power sector along with new strategy and approach on the background of the overriding challenging times and economic environment in India. While the underlying fundamentals remain strong, it has also been observed that capital costs associated with setup of large sized thermal power projects across India has been gradually increasing to US Dollar 1.2 million per MW (long gestation, Interest during construction build up and significant dependence on land and other localised infrastructure). Such a situation necessitates strong and robust PPA arrangements at assets level for sustained operational and financial strength and we are pleased to note the progress achieved by KSK Mahanadi in this regard.

The Company is also pleased to note the significant support by Indian project finance lenders at KSK Mahanadi and the additional debt support commitment provided recently on the intrinsic strength of the power project and progress achieved thereto. The Company looks forward to an active funding utilisation and construction ahead to achieve completion of the 2400 MW at the earliest and resultant enhanced Revenue and EBITDA levels being actualised, while pursuing the last 1200 MW based on additional funding for further progress towards full completion. The outcome of the same would impact on the timing of the strategic development of the completed 3600 MW at KSK Mahanadi. Further, appropriate addressing of capital structure (both equity and debt levels), has become necessary in the emerging power sector landscape in India and the same may entail diluted equity ownership at the asset level. Efforts have already been initiated by the company in this direction and the company is currently monitoring such situation on on-going basis and would plan necessary arrangements where appropriate.

Along with other similarly placed assets, the Company also anticipates to benefit from the planned definitive steps of the Indian government under new policy formulation to resolve longstanding issues confronting the power generation business as a whole and fuel supplies in particular. However, this sustained progress and performance during the year would not have been possible without the valuable and appreciated support of its shareholders as well as other project stakeholders who have enabled us to pursue appropriate business opportunities in these challenging times.

It is hoped that the company's portfolio of attractive generation assets (with units commissioned as well as units to be commissioned shortly over the next few quarters) coupled with already concluded Power Purchase Agreements with various state Distribution companies (Discoms) for definitive power supplies from such units would lead the path of improved operational and financial performance and drive sustained profitability ahead. KSK contributing c.2.5% to 3% of aggregate Indian Power generation over the next 36 months would result in KSK emerging amongst the leading privately owned Indian Power generators with a differentiated, de risked and attractive power project portfolio.

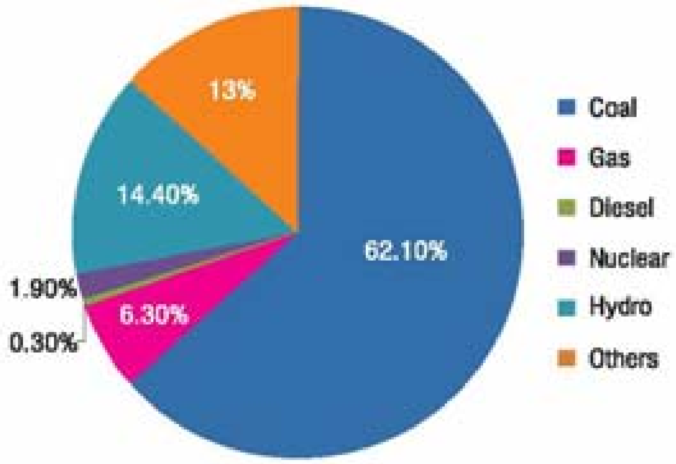
T. L. Sankar

T.L. Sankar
Chairman

Market Overview

"During 2015-16, Indian Power Sector added 30.4 GW in power capacity, up from 24.6 GW in the previous year. With these additions, generation capacity in India stood at 298 GW."

Fuel	GW	Growth
Coal	185.17	12.50%
Gas	24.5	6.30%
Diesel	0.99	-17.20%
Nuclear	5.78	0.00%
Hydro	42.78	3.70%
Others	38.82	22.50%



Power Generation Capacity in India: 2015-16 by Fuel Source

Even with recent addition of capacities, the shortfall in generation and transmission capacities have not been eliminated. During 2015-16, the all India peak demand of power was 153 GW of power, whereas the actual power met was 148 GW - shortfall of 3.2%

YEAR	ENERGY (MU)				DEMAND (MW)			
	Requirement	Availability	Surplus (+)/deficit (-)		Peak Demand	Peak Met	Surplus (+)/deficit (-)	
2011-12	937,199	857,886	-79,313	-8.5	130,006	116,191	-13,815	-10.6
2012-13	995,557	908,652	-86,905	-8.7	135,453	123,294	-12,159	-9
2013-14	1,002,257	959,829	-42,428	-4.2	135,918	129,815	-6,103	-4.5
2014-15	1,068,923	1,030,785	-38,138	-3.6	148,166	141,160	-7,006	-4.7
2015-16	1,114,408	1,090,850	-23,558	-2.1	153,366	148,463	-4,903	-3.2

The total power generation in the country during FY16 was 1107.822 Billion Units (BUs) but however, Plant Load Factors of all Power Projects stood at 62.29% for the year with private projects experiencing an average PLF level of 60.49%, reflecting the significant potential moving forward in the overall market upon addressal of the various bottlenecks and achieving superior asset utilisation.

Power Supply Scenario in FY 2016-17

The assessment of the anticipated power supply position in the Country has been made by the Central Electricity Authority taking into consideration the power availability from various stations in operation, fuel availability, and anticipated water availability at hydroelectric stations. A capacity addition of 16,654 MW during the year 2016-17 comprising 13,441 MW of thermal, 1,714 MW of hydro and 1500 MW of nuclear power stations has been considered. The gross energy generation in the country has been assessed as 1178 BU from the power plants in operation and those expected to be commissioned during the year in consultation with generating companies/ SEBs and taking into consideration the proposed maintenance schedule of the units during the year.

Anticipated All India Power Supply Position for the year 2016 - 17

	Energy			Demand		
	Requirement (MU)	Availability (MU)	Surplus/Deficit %	Requirement (MW)	Availability (MW)	Surplus/Deficit %
Northern	357,459	351,009	-1.8	55,800	54,900	-1.6
Western	379,087	405,370	6.9	51,436	56,715	10.3
Southern	310,564	320,944	3.3	44,604	40,145	-10
Eastern	151,336	135,713	-10	21,387	22,440	4.9
N-Eastern	16,197	14,858	-8.3	2,801	2,695	-3.8
All India	**1,214,642**	**1,227,895**	**1.1**	**165,253**	**169,503**	**2.6**

Also, the policymakers have now initiated multiple steps towards improving the power sector output and benefit of consumers. These include the proposed amendment to the Electricity Act, round-the-clock power supply, the Coal Mines Special Provision Ordinance, coal auction and allocation, auction of natural gas, Integrated Power Development Scheme, Deendayal Upadhyaya Gram Jyoti Yojana, aggressive renewable energy generation targets and massive transmission connectivity plans.

Proposed provisions and interventions will modify the energy sourcing mix, secure fuel for power generation, bring efficiency and competition in the sector, enhance clean energy generation, increase power supply to households, strengthen the grid, generate business, employment opportunities, etc. This will impact electricity tariffs, operations of utility, environmental conditions and increase accountability of stakeholders & consumers.

Distribution:

Distribution segment continues to be plagued by financial distress and high Aggregate Technical & Commercial (AT&C) losses. Continued inadequate tariff hikes have led to a surge in the debts of Discoms to Rs.4.43 trillion and accumulated losses to Rs.3.8 trillion, while power theft, poorly maintained distribution network and ineffective metering have kept the AT&C losses at a high level of 27%.

A comprehensive package - UDAY, has been launched by the Government for financial and operational turnaround of Discoms. Despite, being an optional scheme, 15 out of 29 states and Union Territories have voluntarily joined UDAY, covering 90% of the total debt of Discoms.

The amended Tariff Policy stipulating for tariff revision on a quarterly / monthly basis, enabling early recovery of the extra costs for electricity supplied, providing for faster installation of smart meters, revision in cross subsidy formula, etc. is likely to improve the financial health of Discoms, thereby aiding accomplishment of '24x7 power for all'.

The AT&C losses are expected to reduce gradually with the ongoing Deen Dayal Upadhyaya Gram Jyoti Yojana in rural areas and Integrated Power Development Scheme in urban areas.

Market Overview

Renewable Energy

Encouraged by the progressive policies and action oriented plans, renewable energy segment has perhaps seen the most phenomenal growth during FY 2015-16. With an addition of 7 GW during the year, the total installed capacity reached to 43 GW as on 31st March, 2016. Wind energy continues to hold the majority share at 27 GW followed by solar energy at 7 GW. Despite low share, solar energy installation is increasingly outpacing wind energy which is evident from the fact that during FY 2015-16, when addition in wind installations at 3.3 GW surpassed the target by 38%, additions in solar installations at 3 GW did so by 116%.

The country has an ambitious target of achieving 175 GW of renewable capacity addition by the year 2022 comprising mainly of 100 GW solar and 60 GW wind. As a part of the implementation of Jawaharlal Nehru National Solar Mission, Solar Energy Corporation and NTPC are playing an important role by inviting bids for establishment of solar projects. However, recently many players in the market have been quoting unviable tariffs in the said bids which would lead to delay / abandonment of bid projects thus impeding the growth of solar projects.

Prices in Short Term power Markets:

Short-term power transactions, at 1,15,230 MUs in FY 2015-16, have witnessed a growth of 16.41% over FY 2014-15 as tabulated below. Though the segment has grown in absolute terms, its share in the total generation stagnated at approx.10%:

Power traded through	Volume (MUs)	Share (%)	Growth (%)	Average Rate (Rs/kWh)
Bilateral Segment	60,383	52.40	18.22	4.13
Power Exchange	34,093	29.59	19.78	2.72
DSM	20,754	18.01	6.72	
Total	**1,15,230**	**100**	**16.41**	

The increase in surplus generation capacity led to high volumes being offered in the spot market which eventually led to lower prices leading to growth of short term market. The state utilities have been actively leveraging the exchange market not only to balance their demand-supply portfolio but also to optimize their power procurement by replacing their high variable cost power with competitively priced power making gains which are then shared with consumers.

With the revised National Tariff Policy, power trading is likely to get a boost as generators have been allowed to utilise un-requisitioned generation capacity and sell power in the free market and share revenue with concerned discoms. Greater emphasis on implementation of open access provisions could also lead to a pick-up in power trading and business of Power Exchanges.

Opportunities

The Electricity Amendment Bill, 2014, proposes significant reorganisation of the distribution and supply framework. For a long time, distribution companies have been responsible for power distribution as well as power supply to the end consumer. The proposed amendment envisages separation of power distribution from supply. This will, in a way, provide the consumer with more options in terms of choosing a supplier, as more than one supply licensee can share space within a particular distribution area. The clause for separation of carriage and content in distribution segments will result in a separate distribution licensee and multiple supply licensees in an area. This will help the company to reach out to the end consumer and provide multiple buyer options for the Company.

The Tariff Policy was notified by the Central Government under Section 3 of the Electricity Act, 2003 on 6th January, 2006 and the same was amended on 31st March, 2008, 20th January, 2011 and 8th July, 2011. The objective of the amendments is to ensure the 4 Es of Electricity for all, Efficiency to ensure affordable tariffs, Environment for a sustainable future, Ease of doing business to attract investments and Ensure financial viability.

The main features of the amended Tariff Policy:

- Promote optimum utilization of land and other resources by increasing procurement of power from expansion of existing private power plants on regulated tariff from 50% to 100% of existing capacity. This will result in reduction in overall cost of power to the consumers.
- Allow utilization of surplus assets

in order to decrease overall power cost. Create a win-win situation between Generator, utilities and consumers by allowing benefit from sale of un-requisitioned power to be shared on 50:50 basis between parties to the PPA, if not already provided for in the PPA.

- Intra-State Transmission projects shall be developed by State Government through competitive bidding process for projects costing above a threshold limit, which shall be decided by the State Regulator. Inter-State transmission projects to be developed through competitive bidding with flexibility to meet exigencies.

- Developer shall have the option to indicate the rate of depreciation subject to upper ceiling decided by the Appropriate Commission.

- Remove taxation ambiguity by allowing cost pass through of change in domestic duties, levies, cess and taxes in competitive bid projects.

- Clarity on tariff setting authority for multi-State sales. Central Regulator to determine tariff for composite scheme where more than 10% power is sold outside the State.

- Costs pass through for imported coal/e-auction coal for competitively bid power projects, as per advisory issued by Ministry of Power on 31st July 2013.

Concerns:

As the Indian power sector is embarking on increasing the generation and transmission capacities, key challenges lie ahead and are required to be dealt with. Power sector is poised at a crucial juncture where it is expected to meet the growing challenges of the future as well as being faced with some fundamental constraints in its path of evolution.

With ambitious capacity addition plans, fuel emerges as the most significant constraint, which project developers have to grapple with and the lenders are hesitant to take the risk. Poor financial condition of State utilities due to high AT&C losses and inadequate tariff also are major constraints in the sector. Other major constraints being faced by the power sector pertain to delays in environment clearances and other key inputs such as land and water. Shortage of talent and trained manpower in the construction sector is a long term problem and is likely to continue to push up project costs and risks.

Even though concerted efforts are being made to tackle these issues, it is felt that since they concern initiatives/ action to be taken by various other Ministries and Departments, intervention at the highest level is required to comprehensively work out plausible solutions.


Sitapuram, Telangana

Operations Review

"During FY 2016, the Company has achieved annualized portfolio Plant Load Factor of 55% on the 2072 MW Capacity base. It is anticipated that, during FY 2017, with focused operational monitoring the gross generation is expected to further increase to 11+ TWh. Thereafter, with additional generation commencing at the next 1200 MW at KSK Mahanadi, it is anticipated that annualized gross generation would cross 20 Twh before scaling beyond 30 TWh upon fully operational 3600 MW power plant of KSK Mahanadi and earlier 872 MW operational assets also operating at reasonable PLFs.

Pursuit of Operational and Maintenance excellence at each asset level is attaining significant traction and the Group anticipates collaboration initiatives to achieve further improvements on the same."

Operational Performance

During the twelve month period, operating assets generated 9,987 GWh with an average portfolio plant load factor of 55% against 6,158 GWh with an average plant load factor of 34% for the previous year of FY 2015 and 5,757 GWh with PLF 32% during FY 2014.

The individual power plant wise PLFs comparison is detailed below:

	31 March 2016		31 March 2015		31 March 2014	
KSK Mahanadi (1200 MW)	6,368 GWh	(61%)*	3,203 GWh	(30%)*	1,088 GWh	(10%)*
Sai Wardha (540 MW)	1856 GWh	(39%)	1,174 GWh	(25%)	2,586 GWh	(55%)
VS Lignite (135 MW)	792 GWh	(67%)	851 GWh	(72%)	902 GWh	(76%)
Sai Regency (58 MW)	459 GWh	(90%)	423 GWh	(83%)	445 GWh	(88%)
Sai Lilagar (86 MW)	172 GWh	(23%)	148 GWh	(20%)	341 GWh	(45%)
Sitapuram Power (43 MW)	324 GWh	(86%)	343 GWh	(91%)	342 GWh	(91%)
Solar Project (10 MW)	17 GWh	(19%)	16 GWh	(18%)	19 GWh	(21%)
Wind Project	-	-	-	-	33 GWh	(20%)
TOTAL	**9,988 GWh**	**(55%)**	**6,158 GWh**	**(34%)**	**5,756 GWh**	**(32%)**

*KSK Mahanadi's PLF is calculated across the periods on the installed capacity base of 1200 MW although actual operations of this capacity only commenced substantially during the second half of FY 2016 (upon grant of the necessary transmission corridor access for supplying through the National Grid).

Sai Wardha, Maharashtra

Although there has been an increase in generation over the previous year on aggregate basis, the generation at a few assets has been below earlier expectations given the PPA as well as fuel constraints faced at such assets coupled with the challenges faced in the wider energy sector in India.

While there has been marginal improvement of PLF at Sai Wardha Power during FY 2016, operating constraints with respect to coal costs, open access and PPAs continue to impede power plant performance and profitability. While the Group continues to explore interim, short term power sale arrangements for improvements and return to profitability, reduced asset utilisation levels mean revenues and profitability will continue to experience only marginal improvements in the short term before full improvements are actually realised. The Company continues to make every effort to pursue the coal price reduction and implementation of judicial verdicts / orders, which will ultimately lead to the enhanced utilisation and profitability of the Sai Wardha plant.

Similarly, addressing the transitional challenges at Sai Lilagar has also been time consuming and more difficult than originally envisaged. It is now anticipated that 86 MW station would gradually revert to earlier anticipated performance levels and sustained generation, revenue and profitability from the SLPL plant commencing second half of FY 2017 could be achieved.

At VS Lignite, the gross power generated during the year stood at 792 GWh, with an average PLF of 67% reflecting the transition from Captive Power Plant to Independent Power Producers, as mandated by the Government of India and Government of Rajasthan. The company has been supplying power to the local grid and is continuing its efforts to secure necessary long term PPAs from the local grid.

Sai Regency continues to be the high performer with PLF of 90% with gross power generated in the combined cycle gas fired power plant during the year at 459 GWh. With the continuous supply of gas and an efficient operation, the plant has produced an exceptional operational and financial performance, which is expected to continue resulting in further attractiveness to fund group's ongoing requirements.

Sitapuram experienced marginal decline in PLF during FY 2016 i.e. 324 GWh @ PLF of 86% as against 342 Gwh @PLF of 91% during FY 2015 reflecting the new operating scenario on account of reorganization of combined state of Andhra Pradesh into two distinct states of Telangana and Andhra Pradesh necessitating part of the power generated being sold to local utility.

Sai Maithili, the 10 MW PV solar power generation plant located in the state of Rajasthan operating under the Jawaharlal Nehru National Solar Mission, experienced gross power generated of 17 GWh (an average PLF of 19%) and sustained operations thereto.

Moving forward the company anticipates to pursue a differentiated policy and approach of a consolidated project portfolio operations benefitting from commonality of Operational and technological expertise, Maintenance and best practices and power supplies and billing arrangements in tandem with operational benchmarks and performance. Further, synergy in operations and full compliance to global environmental standards has become a new emerging reality in the power sector.

It may be observed that a combination of dwindling pipeline of new power plants, past experiences in delay in resolution of transmission, fuel and other issues coupled with stretched DISCOM financials and volatility of fuel prices is ensuring that the new thermal capacity additions in future are expected to be range bound and therefore operational excellence at existing power generation stations (both operational and units under construction and to commence operations in foreseeable future) would be the new pre requisite for continued success and efficient operations.

Financial Review

All figures given in the review are in US $ thousands unless otherwise stated.

"The financial performance for the year illustrates tremendous improvement in Revenue, Gross profit and Operating profit primarily on account of higher asset utilization achieved (commencement of second unit of KSK Mahanadi upon resolution of transmission corridor constraints) and the government directives on additional taxes and coal prices under Change in law provision of KSK Mahanadi PPAs.

The Company's financing plans includes pursuing a number of initiatives including primary equity raises at asset levels, secondary sale of project interests and refinancing opportunities on more favourable terms to provide the necessary liquidity to retire part of the existing high cost debt. Also, at KSK Mahanadi additional debt funding requirement from project lenders has been achieved and progress on next two units has ramped up with already four shipments of material received from China till date.

In order to meet the equity requirement, moving forward, discussions commenced with a number of potential strategic and financial investors which are expected to materialise during the year."

KSK Mahanadi, Chhattisgarh

Financial Highlights:

Particulars	March 2016	March 2015	% change
Revenue	674,547	382,307	76
Gross profit	231,336	103,273	124
Operating profit	160,466	40,564	296
Loss before tax	(109,668)	(160,111)	(32)
Average exchange rate Rupee/USD	Rs 65.51/$	Rs 61.18/$	

Given the current trading environment, while the underlying revenue, gross profit and operating profit growth compared to the previous year shows an increase, there has been a decrease in the loss before tax due to higher power generation for the period (taking into account a partial year of operation of the entire 1,200 MW at KSK Mahanadi and moderate increase in PLF at Sai Wardha). It is anticipated that during the current year this could be further enhanced as a result of improved operating performance on the same installed generation capacity base.

Further the current year financials are suppressed by high exchange rate volatility in INR/$, even though on a constant currency basis, there has been significant improvement in all of the metrics, reflecting the robustness of the underlying business operations.

Notwithstanding the challenges, across the sector and exchange rate volatility expected to continue during the current year that could create distortions to the Company's performance, the combination of our underlying assets, our risk mitigation strategies and certain recent positive developments should, in the long term, assist in moving the Company back towards meeting market expectations. However, in the short term the Board expects revenues and underlying profit to remain below the Board's initial expectations, with a gradual improvement over the longer term.

"Further the current years financials are suppressed by high exchange rate volatility in INR/$, even though on a constant currency basis, there has been significant improvement in all of the metrics, reflecting the robustness of the underlying business operations."

Financial Review

Principal activity and overview

KSK Group is primarily engaged in the development; ownership, operation and maintenance of power generation assets in India with next level of growth coming through large base load thermal power plants, hydro power opportunities and solar power generation with supplies predominantly to utilities. To support these power generation initiatives, the group also is currently undertaking business activities in mineral interest, mine development and other support ancillary infrastructure, which may be integrated into power generation activities at an appropriate time. KSK focused its strategy on the private sector power development market, undertaking entire gamut of development, investment, construction, operation and maintenance of power plant with supplies initially to industrial consumers operating in India and now branching out to cater to the needs of utilities and others in the wider Indian power sector.

Income Statement Operating Results:

Particulars	March 2016	March 2015	Variance	% variance
Revenue	674,547	382,307	292,240	76%
Cost of revenue	(443,211)	(279,034)	(164,177)	59%
Gross Profit	**231,336**	**103,273**	**128,063**	**124%**

Generation, revenues and cost of revenue

The total revenues of the Group have increased by US $ 292,240 reflecting a year on year increase of 76% mainly on account of increase in 3,541 mn units sold taking into account a partial year of operation of the entire 1,200 MW at KSK Mahanadi and moderate increase in PLF at Sai Wardha. Revenues also include revenue of US $ 110,604 at KSK Mahanadi under change in law provision of the Power Purchase Agreements with State Utilities and Government of India directive but requiring determination by the Electricity Regulatory Commission before receipt of payment.

Cost of revenue also increased by US $ 164,177 reflecting a year on year increase of 59%. The increase is mainly on account of second unit operation of KSK Mahanadi for part of the year and increased PLF in Sai Wardha. However, cost of revenue continued to remain at higher levels as compared to the management expectation largely on account of efforts on reducing coal cost in Sai Wardha could not materialise.

Despite favourable ruling by the Competition Commission of India ("CCI") in favour of Sai Wardha in October 2014, the vital amendment to the pricing aspect of the FSA, which would have facilitated lower power generation costs, has not yet been implemented. Western Coal Fields appealed at the Competition Appellate Tribunal ("COMPAT"). A favourable final ruling would not only enable a price reduction but substantial claims of damages for the prior period being determined by the COMPAT.

Also due to the presidential directive, KSK Mahanadi received only certain percentage of linkage coal instead of full contractual quantity and as a result forced to procure coal from market resulted in higher fuel cost which is also reflected in change in law claim as supra. However it is anticipated that during the current year, the Government of India will use an auction process for coal linkages wherein coal linkage requirements of all Independent Power Producers (IPPs), with PPA commitments to DISCOMS already made, will be subject to auctions, resulting in a correction in fuel linkages for the sector as a whole. KSK Mahanadi with existing PPAs to multiple DISCOMS is well positioned to take advantage of the new policy and will be able to satisfy KSK's coal requirements.

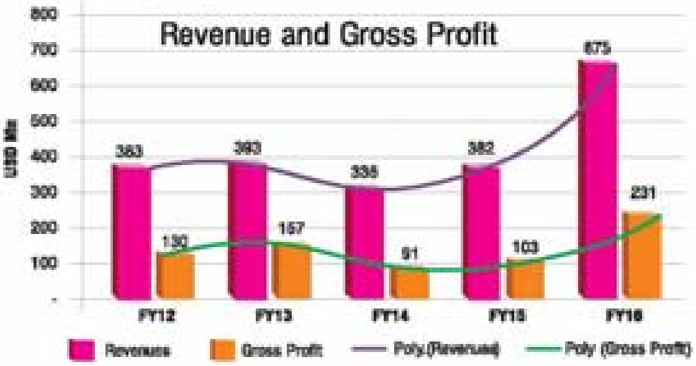
Gross Profit

> “Gross profit of the Group increased from US $ 103,273 to US $ 231,336, reflecting a year on year increase of 124%.”

Particulars	FY12	FY13	FY14	FY15	FY16
Revenue	383	393	336	382	675
Gross Profit	130	157	91	103	231

Gross profit of the Group increased from US $ 103,273 to US $ 231,336, reflecting a year on year increase of 124%. Increase in profit as explained is mainly on account of increased operations at KSK Mahanadi and Sai Wardha. However, increase is offset to some extent by lower utilisation at VSLP and Sai Lilagar primarily reflecting the transition from captive power plant to independent power producer.

The following table and charts shows year on year trend in revenue and gross profit



Operating Profits

Particulars	March 2016	March 2015	Variance	% variance
Gross Profit	**231,336**	**103,273**	**128,063**	124%
Other operating income	1,675	9,396	(7,721)	(82%)
Distribution costs	(8,640)	(10,501)	1,861	(18%)
General and administrative expenses	(63,905)	(61,604)	(2,301)	4%
Operating profit	**160,466**	**40,564**	**119,902**	**296%**

Operating profits of the Group have increased by 296% from US $ 40,564 in FY 2015 to US $ 160,466 in FY 2016. The movement in operating profit is mainly due to:

- Decrease in other operating income from US $ 9,396 to US $ 1,675 due to one-time claim received from EPC contractor of US $ 7,952 in previous year.
- Decrease in distribution cost by US $ 1,861 on account of decrease in open access tariff at Sai Wardha.
- Increase in general and administrative expense by US $ 2,301 mainly due to increase in depreciation of US $ 4,386 relating to second unit operations of KSK Mahanadi. However this increase is offset to certain extent by decrease in impairment of PPE, trade and other receivables by US $ 1,717.

The following chart shows the year on year trend in operating profits of the Group.

Financial Review

Profit / (loss) for the year

Particulars	March 2016	March 2015	Variance	% variance
Operating profit	**160,466**	**40,564**	119,902	296%
Finance costs	(296,470)	(219,810)	(76,660)	35%
Finance income	26,336	19,135	7,201	38%
Loss before tax	**(109,668)**	**(160,111)**	**50,443**	**(32%)**
Income tax	14,064	91,204	(77,140)	(85%)
Loss for the year	**(95,604)**	**(68,907)**	**(26,697)**	**(39%)**

Movement in loss for the year from US $ 68,907 to US $ 95,604 is mainly because of the following:

- Increase in finance costs from US $ 219,810 to US $ 296,470 due to increased borrowing levels with respect to operational power plants, wherein US $ 83,245 increase at KSK Mahanadi on a year on year basis was mainly on account of second unit operations.
- Increase in finance income from US $ 19,135 to US $ 26,336 mainly on account of foreign exchange gain of US $ 10,563 mainly on settlement of payables to EPC contractor in KSK Mahanadi and decrease in interest income from bank and other deposits of US $ 3,134.
- Decrease in tax income from US $ 91,204 to US $ 14,064 reflects recognition of significant deferred tax asset at KSK Mahanadi on carry forward of losses on account of investment allowance available as per income tax provisions in previous year.

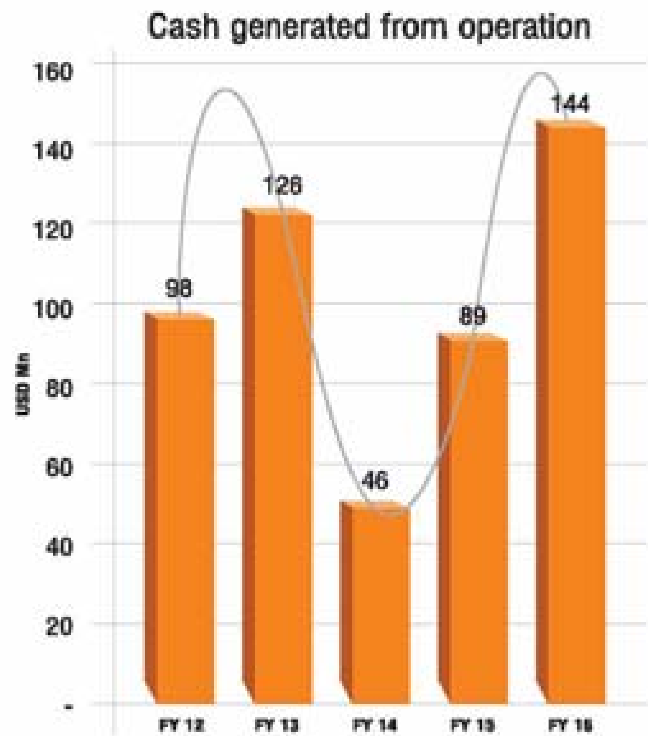
Cash Flows

Particulars	March 2016	March 2015
Operating cash flow	312,620	123,536
Change in working capital assets and liabilities	(168,597)	(30,121)
Tax (paid) / refund	80	(3,945)
Net cash generated from operating activities	**144,103**	**89,470**
Net cash (used in) / provided by investing activities	12,721	(233,595)
Net cash (used in) / provided by financing activities	(170,679)	135,488
Effects of exchange rate	(10,854)	(6,564)
Changes in cash and cash equivalents	**(24,709)**	**(15,201)**
Cash and cash equivalent - beginning of year	40,733	55,934
Cash and cash equivalent - end of year	**16,024**	**40,733**

> “Net cash generated from operating activities increased from US $ 89,470 in FY 2015 to US $ 144,103 in FY 2016, an increase of US $ 54,633.”

Net cash generated from operating activities increased from US $ 89,470 in FY 2015 to US $ 144,103 in FY 2016, an increase of US $ 54,633. The increase is primarily driven by increase in operational activity of KSK Mahanadi and improved gross profit from power generation segment.

The following chart shows the year on year trend in cash generated from operations.



Net cash used in investing activities has decreased from US $ 233,595 to US $ (12,721) largely on account of the following:

- Decreased capital expenditure at KSK Mahanadi and other associated infrastructure projects by US $ 164,373 due to delay in obtaining cost overrun sanctions and disbursements pending certain regulatory clarifications.
- Liquidation of bank deposits of US $ 69,624 given as collateral/security and utilising the same for the construction activities and interest payments.

Movement in cash generated from financing activities from US $ 135,488 to US $ (170,679) largely on account of the following:

- Decrease in the net proceeds from borrowings by US $ 236,657 mainly on account of lower project debt disbursement at KSK Mahanadi, however the decrease is offset to certain extent by fresh working capital loan availed by KSK Mahanadi.
- Decrease in net proceeds from issue of shares in subsidiaries by US $ 60,387 and increase in repayment of share application money of US $ 14,996.

Summary of Financial position

Particulars	March 2016	March 2015
Property, plant and equipment	3,370,932	3,456,914
Goodwill and other intangibles	11,382	12,188
Other non-current assets	297,368	364,086
Current assets	664,323	456,433
Total assets	**4,344,005**	**4,289,621**
Non-current liabilities	2,804,014	2,837,561
Current liabilities	1,124,251	898,959
Total Liabilities	**3,928,265**	**3,736,520**
Total equity including non-controlling interests	415,740	553,101
Total equity and liabilities	**4,344,005**	**4,289,621**

Property, plant and equipment (PPE) has decreased by US $ 85,982 in 2016, mainly on account of impact of currency translation of US $ 184,131, depreciation of US $ 90,941 and impairment of US $ 3,874. However decrease is offset to certain extent on account of capitalization of additional cost of US $ 193,310 mainly due to continuous construction activities at KSK Mahanadi.

Financial Review

Movement in other non-current assets from US $ 364,086 to US $ 297,368 year on year basis, is primarily on account of the following:

- Incremental deferred tax assets amounting to US $ 13,223 reflects additional DTA on carry forward of losses primarily at Sai Wardha.
- Impairment of investment in JR Power US $ 14,118.
- Decrease in fair value of available for sale financial instruments and derivative assets of US $ 5,047 and decrease in other loans and receivable and bank deposits by US $ 10,273.
- Refund of income tax receivable amounting to US $ 3,290 at KSK Energy Ventures.
- Reclassification of mining asset of US $ 39,008 from other non-current asset to current asset due to cancellation of coal block.

Current assets have increased from US $ 456,433 to US $ 664,323 year on year basis, primarily as a result of the following:

- Increase in trade and other receivable by US $ 212,927 mainly due to increase in operation on account of commencement of second unit of KSK Mahanadi and receivable pertaining to change in law pending adjudication by appropriate authority.
- Decrease in cash and short term deposits by US $ 75,196 reflecting maturing of fixed deposits and utilisation of the same for the construction activities and interest payments.
- Increase of security deposit and advances given for procurement of coal and others amounting to US $ 23,200 mainly for securing domestic/imported future coal supplies.
- Increase in net investment in held for trading financial instruments by US $ 2,588.
- Reclassification of mining asset of US $ 39,008 from other non-current asset to current asset.

Non-current liabilities have decreased by US $ 33,547 primarily due to the following:

- Decrease in borrowings of US $ 22,394 mainly on account of currency fluctuation, however on constant currency basis borrowings have increased on account of additional funds borrowed for continuous construction activities at KSK Mahanadi. However the increase at constant currency level is offset to certain extent on account of regular repayment of loans borrowed in operating companies.
- Trade and other payable have decreased by US $ 17,085 mainly on account of settlement with EPC contractor in KSK Mahanadi.
- Provisions have increased by US $ 5,658 mainly due to increase in site restoration provision.

Current liabilities have increased by US $ 225,292, primarily driven by increase of US $ 123,509 in trade and other payables relating to coal, spares, transmission charges etc. in KSK Mahanadi in line with increased operation and US $ 101,647 in borrowing mainly on account of increase in working capital borrowings in KSK Mahanadi.

Total equity has decreased from US $ 553,101 to US $ 415,740 mainly on account of current year losses, translation loss and repayment of share application money.

VS Lignite, Rajasthan

Equity and financing arrangements

The Company's shareholding in KSKEV has been maintained at 68.17%, with additional equity invested during the year. Such stake at the Indian listed subsidiary, which holds the entire power generation portfolio, has been possible on account of the initial equity as well as additional equity acquired, based on debt secured in 2011. The Company's financing plans include pursuing a number of initiatives including a secondary sale of project interests and refinancing opportunities on more favourable terms to provide the necessary liquidity to retire part of the existing high cost debt.

Due to the extended implementation timeline and the impact of the INR/$ exchange rate dropping from INR 48/$ originally envisaged at the project's conception to the current INR 68/$, KSK Mahanadi, along with the Rail and Water Infrastructure integrated, is now estimated to require a total capital expenditure of $ 4,181mn at completion.

The revised total capital expenditure consists of a phased investment plan wherein, at the first level, the existing investment of US $2.5 billion is expected to increase to US $ 3.52 billion for completion of the 2,400 MW (including the integration of the railway and water infrastructure assets as well as expenditure already incurred on the last 1,200 MW unit) and progress further to US $ 4.18 billion for the completed 3,600 MW operations.

Therefore, the incremental capital expenditure programme consists of estimated additional expenditure of US $ 962 million for the 2,400 MW, and an additional expenditure of US $ 657 million of incremental expenditure thereafter to complete the final 1,200 MW. Consequently, the Company is holding discussions and evaluating proposals for further strategic funding and equity collaboration at the asset level with various potential participants.

Going Concern

The financial statements have been prepared on the going concern basis which assumes that the Group and the Company will have sufficient funds to continue its operational existence for the foreseeable future, covering at least twelve months from the date of signing of these financial statements. The Group requires funds for both short-term operational needs as well as for long-term investment programmes, mainly in construction projects for its power plants.

As at 31 March 2016, the Group had net current liabilities of US $ 459,928 and is dependent on a continuation of both short-term and long-term debt financing facilities. Such financing is subject to covenant and amortisation conditions. The Group also has significant capital commitments at the year-end of which a portion is due to be met during the year ending 31 March 2017 primarily in respect of on-going plant construction at KSK Mahanadi. The Group is also involved in a number of on-going legal and claim matters the impact of which is outlined in note 29(d) of the financial statements.

The Group continues to generate cash flows from current operations which are further expected to increase with full year operation of two units of KSK Mahanadi plant and better plant load factor in Sai Wardha. These two factors are key assumptions with regard to management's forecasts and expectations. It is forecast that the long-term PPA arrangement for Sai Wardha will be in place shortly. Should there be further delays in this matter this may impact the ability of the Group to generate sufficient cash flows for current financing proposals being considered, as described below.

A number of the facilities that are due to expire at 31 March 2017 are in the process of being extended and are renewable in a number of cases. In addition the Group may refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, wherever applicable. The Directors are confident that these facilities will remain available to the Group based on current trading, covenant compliance and ongoing discussions with the Group's primary lending consortium regarding future facilities and arrangements in respect of current borrowings.

The Group currently had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately US $ 969,740 to meet its long-term investment programmes. The Group is in the process of completing the documentation with various lenders in order to match facilities to the current development and financing plan for KSK Mahanadi.

As a consequence, the Directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks and continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting when preparing these financial statements.

Principal Risks and Uncertainties


KSK Mahanadi, Chhattisgarh

The business of the group is subject to variety of risks and uncertainties which, if they occur may have a materially adverse effect on the group's business or financial condition, results or future operations. Uncertainty of the prevailing regulations, development problems, fuel availability and non-availability of distribution mechanism are some of the inherent risks that are required to be addressed.

Managing these risks will require a clear understanding of the impact of each of the risk on the project and mitigation plans should be in place to ensure that project remains viable under any situation.

The risks and uncertainties set out in this document are not exhaustive and there may be risks of which the Board is not aware or believes to be immaterial, which may, in the future, adversely affect the group's business. The risks and uncertainties faced by the group and the industry as a whole have been previously provided in detail in the annual reports of the Company and interim statements. The majority of the risks previously identified have not significantly changed. While the company attempts to address the same, the key risks and uncertainties continued to be faced by the group are as follows:

- High fuel supply risk and cost overruns at power plants.
- Equipment shortage and shortage of man power.
- Delays in Government decisions or implementation of earlier Government decisions along with continual inconsistencies in

Government policies across departments and retrospective amendments to the existing policies or introduction of new policies.

- Delays in providing necessary regulatory support and / or dispensation as may be required for timely implementation of the financing plans.
- Deviation from approved government policies and abuse of market dominance position by certain contractual counter parties.
- Shortage of fuel and dependence on market based or imported fuel which are subject to market vagaries and other uncertainties.
- Economic slowdown and negative sectoral outlook with resultant impact on banking sector delays in agreed project disbursements and timely availability of credit.
- Delays in enforcement of contractual rights or legal remedies with government counter parties undertaking fuel supplies, power off take, transmission and open access amongst others.
- PPA Counter parties going contrary to pre agreed understanding and seeking benefits from the power generators that are often in conflict with shareholder obligations to further the business.
- Unusual currency depreciation that adversely effects the cost of project imports, project implementation and repayment obligations.
- Logistics bottlenecks and other infrastructure constraints of various agencies.
- Challenges in the development of support infrastructure for the power projects including physical hindrances and delay in the issue of permits and clearances associated with land acquisitions.
- Political and economic instability, global financial turmoil and the resultant fiscal and monetary policies as well as currency depreciation resulting in increasing cost structures and
- Liquidity risk and project financing.

The last few years were extremely challenging for the power sector in India in general and for the company in specific. Nevertheless, the Company's Management has made considerable efforts to cut down on the risks and also to manage risks wherever possible. However, a number of principal risks and uncertainties continue to affect the business, few of which are enumerated below

a. Uncertainties in Regulatory Policy

Uncertainty means inability of a company's decision-maker to have a clear understanding of future regulations that will evolve in its organizational environment. Central and State governments have set out broad defined policy objectives and regulatory framework for the sector. But due to non- coherent approach of the various regulatory and government agencies in according required approvals/ clearances and adhoc policy revision has impacted the execution and operation of the project.

Implication

It may result in delay in the project and hence significant time and monetary costs to carry on business as a power developer with a constant see saw on the risk profile and prolonged uncertainties on efforts and development outcomes.

Mitigation

- Coordination between various ministries and agencies of government and addressing the same.
- Policy paralysis and government indecision to be counted with patient capital and innovative solutions while adhering to highest standards of transparency and integrity.
- Address contradictions through consultative process failing which enforcement of legal remedies for decisive positions.
- Healthy engagement with government and local regulators to identify potential hazards upfront and develop an action plan.

Regulators need to be sensitive to the challenges faced by the power sector and policy framework needs to be crafted and enforced to ensure sustenance for all the stakeholders. They must pro-actively intervene to resolve the immediate issues ailing the power sector

Principal Risks and Uncertainties

b. Uncertainties in Availability of Fuel

Unequal contractual provisions, inadequate supply and poor transport logistics are some of the key factors ailing the fuel supply in India. The Group has secured fuel arrangements for all its operational as well under construction power projects. The fuel arrangements with Government agencies are valid for certain period and extended further for next term subject to renewal of the agreement. However, the Company witnessed significant disruptions in these arrangements on account of the cancellation of coal blocks held by such Fuel Supplier Corporation by the Supreme Court of India as well as subsequent government action on tapering linkages.

Though it is normal practice followed by CIL/ GAIL and the agreements for usually extended for next term, but there is no such guarantee for the extension of the fuel supply agreements. There is a risk that CIL may decline the extension, change the annual supply quantity and quality and/ or increase the fuel price.

Implication

The non-availability of fuel will impact the operation of power plants and our power supply commitments under PPAs. Any reduction in quantity or quality of fuel and increase in fuel price will adversely affect the profitability of the power plants.

Mitigation

- PPAs on CERC basis with fuel cost pass through arrangement
- PPAs on bid basis with necessary escalable components in the tariff components.
- Arrangement with multiple suppliers and reducing dependability on single fuel supplier.
- Close hands on coordination between various ministries and agencies of government and addressing the same.

c. PPA Related - Customer Concentration

The Company is dependent on a small number of customers to supply its output and derive its revenue and profitability.

Implication

Since Power Purchase Agreements (PPAs) are the fundamental basis of the off take arrangements and often signed ahead of the time, before project construction completion, and hence are based on certain underlying assumptions and principles with respect to project. If counter parties don't perform contractual obligations or choose to engage in continuous litigation, it puts tremendous strain on the Company resources, cash flows and the operating cycles.

Mitigation

- Attempt to capture appropriate language remedies for PPA administration and continuous customer interactions for mutual problem addressal.
- Resort to arbitral / judicial remedies wherever contractual non-performance or significant overdue positions are getting built.
- Seek performance securities and regulatory directions for enforcement of contractual obligations

d. Non - Availability of Support Infrastructure

The continuous and efficient operation of Power Projects also depends on the support infrastructure facilities, in addition to power plant block.

The Support infrastructure facilities like water supply system, rail logistic system for coal transport etc, not limited to the power plant boundary, but are imperative for the operation of power plant.

Implication

The risk of non-availability of these Support infrastructure facilities, even for short period also, may adversely impact the operation of the Power plant and its power supply commitments under PPAs.

Mitigation

- Close monitoring of these facilities
- Highly skilled and specialised manpower dedicated for these facilities.
- Additional water reservoir and coal stockyard inside the power plant area, so that any sudden breakdown of Support facilities shall not affect the operation of the power plant.

e. Currency Fluctuations

Between 2009 and 2016, the Indian Rupee depreciated phenomenally against US dollar from Rs 48 / US$ to Rs68/US$.Though the recent economic and political

developments in the country indicate potential improvement in exchange rate on the back of manufacturing initiative, there is no such guarantee and Indian currency may further depreciate.

Implication

KSK has executed partially foreign currency denominated EPC contract for it's under construction 3600 MW thermal power project in Chhattisgarh. In addition to it, the Group is also exposed to currency risk as availed foreign currency denominated loans for its projects.

Adverse fluctuations in the exchange rate of such foreign currencies may have significant impact on our cash flows and financial results.

Mitigation

- Appropriate currency hedging instruments.
- Seeking Foreign Currency Loans as natural hedge against such currency payments on project imports.

f. Cost & Time overrun of Projects under construction

The Group is in active implementation of 3600 MW coal based Power plant in Chhattisgarh. The commissioning of the project has been delayed due to several exogenous factors such as extended monsoons, local issues, delay in permits and clearances from government agencies.

The timely execution of the project is also dependent on the fulfilment of contractual obligations of EPC contractors.

The project cost has experienced increases amongst other factors due to delay in commissioning of the Project. In addition to above factors, the depreciation of Indian Rupee against foreign currencies has added to the cost overrun.There is no guarantee that Project may not get delayed further and the risk of further Cost and time overrun of the Project exists.

Implication

3600 MW power project being the largest project of Group's portfolio, the cost and time overrun in the Project, may put significant strain on Group's resources - financial, manpower and others, often resulting in significant loss of opportunity, higher financing costs and other losses. The increased project cost may reduce the profitability of the project

Mitigation

- Close monitoring of the project teams through Project Management Group and active contractor engagement to address issues.
- Risk of over runs mitigated through turnkey EPC contracts of Lumpsum Turnkey basis for the major part of the project scope.
- Key concerns addressed through periodic review meetings of top management teams at site and head offices.
- Hands on stakeholder engagement to iron out policy inconsistencies, bureaucratic lethargy and red tape.

Principal Risks and Uncertainties

g. Liquidity Risks for Incremental capital expenditure and Future growth

3600 MW power project, the largest project of KSK Group, is in advance stage of construction and being capital intensive, has significant funding requirement. There is risk of non-availability of fund for capital expenditure of ongoing and new projects as well as continuous working capital requirement of operational projects

Implication

It may impact the execution of under construction project, as well the uncertainties on efforts and development outcomes.

Mitigation

- Each of the project is being developed as a separate SPV and has separate set of Project Term Lenders and working capital lenders. The servicing of these ongoing facilities is met by the operational cash flows of respective projects.
- The Group attempts to maintain a healthy liquidity position through a combination of financing and internal cash accruals from operating projects
- Closely working with capital provider community for continuous access to fund - spectrum of banks, insurance companies, pension funds and capital market.

h. Socio- Economic- Political uncertainties

The Group operates multiple power projects in various locations, each with its own set of circumstances, challenges, cultures and local activism levels.

Any adverse monetary and fiscal changes may result in higher operating and financial cost and put strain on the cash flows of the projects.

Any change of government in Centre and respective States may raise the risk of ad-hoc changes in policies, the basic premises on which Projects were envisaged.

Implication

Since all projects are in remote locations, often closer to potential fuel sources, each of the project sites is faced with unique challenges on local people expectation, community and political under currents, environmental and other activisms. Also concerns of local residents about health, safety, pollution and other hazards.

Adverse Monetary and fiscal changes like withdrawal of tax incentive or increase in interest rate will reduce the profitability of the projects.

Mitigation

- The Company management emphasis on active stake holder engagement, corporate social responsibility initiatives and continual consultation and engagement programs.
- Formal policy on health and safety accompanied by regular review.
- Equipment and tools to monitor emissions from plants and compliances.
- Working with local communities, leaders for review of challenges and solutions to address the same.
- Close hands on coordination between various ministries and agencies of government and addressing the same.
- Close monitoring of the various incentive regimes and ensuring timely adherence to specifications / norms where timelines are of essence.
- Representation to respective ministries / resort to legal remedies where inequitable levies / withdrawals were made by the concerned government / government authority.
- Continuously monitor impact and wherever agreed and applicable pass on the same through tariff mechanism to power consumers.

Corporate Sustainability Initiatives

> "The growth we achieve take so much from the environment around us and a moral obligation remains to return to the society what we take. At KSK the values of giving back to the society are so ingrained into the philosophy of its business that sustainable growth by taking into its fold the communities in which it operates is the norm."

Sustainability initiatives taken up by KSK reflect the core values of its business. Sustainability initiatives continue to be essential ingredient of KSK's Business policy and the Group embraces this responsibility that comes along with the opportunity of operating across various locations in multiple Indian states. Our approach and commitment towards the community moves beyond the requirement of social license to operate and to a far noble theme of "Bringing Dignity to Life.." as part of 'giving back to society' to support and initiate projects that provide sustainable solutions to the most pressing social challenges for the affected communities.

Corporate Sustainability Initiatives

> "Over thousands of Outpatient Cardiac consultations with 2270 state of art cardiac surgeries performed free of cost by June 2016"

Promoting Health Care

KSK is committed to ensure that healthcare is more easily available to all. We believe that as a corporate, our responsibilities towards the society are significant and it reflects in our initiative in tertiary healthcare with cardiac facility at Raipur, where services are offered free of charge to all stakeholders. The facility has achieved various milestones as summarised below and has endeavoured to serve more and more children with heart ailments.

- Over thousands of Outpatient Cardiac consultations with 2270 state of art cardiac surgeries performed free of cost by June 2016.

The hospital has taken forward the initiative of exclusive paediatric cardiac services totally free of cost to all irrespective of caste, creed, colour, religion and nation. KSK Mahanadi and the support infrastructure projects in the state of Chhattisgarh continue to be involved with the above Sanjeevani Hospital project and look forward to the active support of the local communities. Further, more importantly endeavour to facilitate and strengthen the existing setup of multiple primary medical care facilities across locations in the state of Chhattisgarh to create public goodwill for a harmonious construct and delivery of comprehensive medical care for the surrounding communities.

The group's sustainability initiatives towards community are essentially focused on five thrust areas; Education, Health, Socio- economic empowerment, infrastructure development and cultural and social contribution.

Promoting Quality Education

Providing emphasis to primary education is our objective and some of the corresponding activities to achieve the desired objective are conducting of sports activities in and providing furniture & fixtures to schools. The following activities were implemented by our teams at various sites:

- Provided 17 teachers to Govt. schools in the villages in the vicinity of the project of KSK Mahanadi Power Company Limited, in Janjgir-Champa District, Chhattisgarh.
- Scholarships were provided to 42 students pursing engineering , vocational skills and High school in Janjgir-Champa District, Chhattisgarh and 7 students in Diploma and Regular Engineering of Ramanathapuram District, Tamil Nadu.
- Provided Bus facility for school children from 4 villages near Sai Wardha Power project. 276 children from the villages are utilising the facility.
- Adult Education Programme was taken up under the aegis of Gram Panchayat Gurha where in 15 women have enrolled and completed the lessons this year in Gurha village, Bikaner Dist., Rajasthan.
- Provided School furniture for the students of Govt. Senior Secondary School, Gurha on republic Day (26th January 2016) Celebration VSLP, Gurha.
- Supported Note Books and School uniforms to financially backward School children at SRPCPL site.

“Scholarships for students pursing engineering. Provided Bus facility for School children from 4 Villages”

Corporate Sustainability Initiatives

Building Healthier Communities

KSK has three models of health care delivery for its neighbouring communities. While mobile clinic model provides preventive services at the door step of the client, mega camp model seeks to address major health concerns of the community and clinic facility for the community to address the health needs.The following interventions were implemented and conducted by focusing on the above models and the outcomes are as follows:

- 210 regular health camps and 1 Eye camp have been organised where basic medication was provided free of cost benefitting 11,898 patients in and around villages of KSK Mahanadi Power project, VSLP Project and Sai Wardha Project.
- Provided Emergency Ambulance services to 357 patients in and around villages of KSK Mahanadi Power project.
- Provided 10 hospital beds to Community Health centre near KSK Mahanadi Power project.
- World AIDS day was observed at workplace and at community level and was attended by 370 participants at Wardha, also Anti-Drug day was observed at the District Headquarters. Students and Auto rickshaw drivers in 500 nos. participated in the event.
- Eye camp was organised at VSLP site Gurha, Bikaner, Rajasthan in collaboration with AST Eye Hospital, Bikaner where 350 patients were screened.
- On request of Gram Panchayat Gurha, drinking water is being filled in the water tanks in the High School as well as in the Village for the school children as well as for the community of the village Gurha, VSLP Site.

Facilitating Socio-economic Empowerment

The group believes that socio-economic empowerment of communities alone can help us ensure sustainability of the development that we undertake. KSK group is deeply committed to enhancing individual assets & capabilities and strengthen community collectives, where we operate.

- Organised Mahila Mela, Cooking Gas safety awareness program benefitting 60 women in collaboration with HP Gas Company.
- Cleaning, providing access and Recharging of water ponds;
  - 1 in Gurha used by 7,600 community people and supported the CM proposed "Jal Swalamban Abhiyan" in Rajasthan,
  - 7 Ponds in Janjgir-Champa benefitting more than 15,000 community members in Chhattisgarh.
- Planting 49,958 local species of tree saplings in land measuring 36 hectares, till date achieved plantation on 19.98 hectare of land. Another initiative by planting 693 saplings in Government schools in village Gurha (Rajasthan) and Nariyara (Chhattisgarh).

Developing Community Infrastructure

We are committed to developing/renewing Common property Resources that are critical for rural economy. The group is also committed to developing infrastructural facilities that improve community's access to basic services and livelihood opportunities.

The following are the achievements in this sector during the year and the details are as follows:

- Under **"Nal Jal Yojana"** safe drinking water pipeline was laid measuring to 4,523 meters in project affected villages of KSK Mahanadi Power Project.
- 1,400 meters of CC road was constructed in project affected villages of KSK Mahanadi Power Project.
- Community property built in the villages around KSK Mahanadi Power project are :

- Street lights in Podidalha & Murlideeh, Chabutra in Amora village & community halls in other villages,
- Periphery boundary wall at Govt. schools
- Over head water tank in murlideeh & other 7 villages,
- 12 stand posts for drinking water in Rogdha.
- Cultural stage in Taurod village

- Hume pipes [8 nos] were laid for water draining at some of the villages around KSK Mahanadi Power Project and also in Gurha village under **"Swachh Gurha Abhiyan"** Bikaner.
- Construction and installation of 10 Bio-Toilets at 8 schools near KSK Mahanadi project site.
- 28 pumps were provided to the villages near KSK Mahanadi project of which 8 new hand pumps and 20 pumps were repaired (2 submersible pumps).

Fostering Culture and Social contribution

The group proactively seeks to deepen its relationship with local communities. Building relationship for us is sharing and being part of the joys and sorrows of our communities. Thus we support village festivals, sports & games events, besides extending helping hand in the hour of need. The outcome during the year is as follows:

- Festivals like Mulaipari and Pongal was grandly celebrated in Kalugoorani village, Ramanadhapuram, Tamil Nadu.
- De Addiction programme is one of the main activities at Sai Wardha Project site where staff conducts the awareness program at community level, workplace, educational institutions and government departments too, also formed an informal group "Alcoholics Anonymous" group which celebrated their 1st anniversary.
- Sponsoring sports events like Kabbadi tournament in Mohabala (MH) &T around village (CG), District level Paralympics (Differently Abled) at Akaltara, Chattisgarh. Block level School sports competition at (Taroud village) and Cricket tournament at Village level was sponsored (Rogda village) Chattisgarh.
- Durga puja celebration was supported to 60 groups around KSK Mahanadi project.
- Support to Annual Kolayat Mela at Gurha village, Bikaner (Rajasthan)
- Drinking water (RO) system installed in the Police thana, Kolayat, Rajasthan.
- Financial aid to district administration (Janjgir-Champa, Chattisgarh) for celebrating **"Armed Forces Flag Day"**.
- Financial support to the annual festival celebrations at various power project sites.

"Moving forward, the Group intends to follow the new statutory stipulations as applicable in addition to marshalling additional resources for dedicated pursuit of these various initiatives, the Group intends to learn from the experiences of various other specialist agencies in the areas of community development and support to undertake initiatives that contribute to build a better and environmentally sustainable way of life for all stake-holders including consumers, shareholders, employees, local community and society at large to contribute to the sustainability of those communities."

Board of Directors

Sai Regency, Tamilnadu

T. L. Sankar
Non-Executive Chairman

Mr. T. L. Sankar was appointed as the Chairman (Non-Executive) of the Company in October, 2006. Mr. T. L. Sankar is renowned in India as an energy expert, having received the Padma Bhushan title in India and has more than four decades of experience in the sector, including Secretary of the Fuel Policy Committee (1970-75), Principal Secretary of the Working Group on Energy Policy (1978-79), as a member of the Advisory Board on Energy, Government of India and as a member of the Integrated Energy Policy Committee. Mr. Sankar also served as the Chairman of the Andhra Pradesh State Electricity Board, the state power utility in southern India. Currently, Mr. Sankar is the Chairman of the Expert Committee for the comprehensive review and recommendation of a roadmap for the coal sector in India. He has also served the United Nations as an adviser on energy issues to the Governments of Sri Lanka, Tanzania, Jamaica, North Korea and Bangladesh and has headed the Asian Development Bank's Asian Energy Survey.

S. R. Iyer
Non-Executive Director

Mr. Iyer was appointed as a Director (Non-Executive) of the Company in October, 2006. He is the former and first Executive Chairman of Credit Information Bureau (India) Limited initially promoted by the State Bank of India & HDFC Limited. Mr. Iyer has vast knowledge and rich experience in the banking industry. He was earlier the Managing Director of State Bank of Mysore and the Managing Director of the State Bank of India (SBI). He had been a Director on the Boards of all the Associate Banks of SBI and also on the Boards of two overseas and six domestic subsidiaries of SBI. He has also served as a Director of National Stock Exchange of India Limited and GE Capital Business Process Management Services Private Limited. Mr. Iyer is presently associated as an independent Director with various companies and with the National Dairy Development Board as a Member of its Investment Committee and with Aditya Birla Finance Ltd as the chairman of its Infrastructure Finance Credit Committee.

Vladimir Dlouhy
Non-Executive Director

Mr. Dlouhy was appointed as a Director (Non-Executive) of the Company in August 2009. Mr. Dlouhy studied mathematical economics and econometrics at School of Economics and at Charles University in Prague, later completing MBA studies at Catholic University in Leuven (Belgium). Since 1997 till today, he has been member of International Advisory Board of Goldman Sachs, covering Central and Eastern Europe; between 1997 and 2010, in the similar capacity, he advised to ABB. In 2014 he was elected President of the Czech Chamber of Commerce and in January 2015 he became Chairman of the International Chamber of Commerce (ICC). Vladimir Dlouhy, apart from being non-executive director of the Company, holds the following positions as well: Chairman of the Advisory Board, Meridiam Infrastructure, Paris, France, Associate Professor of Macroeconomics and Economic Policy at Charles University in Prague, Member of the Board of Overseers, Illinois Institute of Technology, Chicago, USA. Between 2009-2016 he was vice-chairman of European Group of Trilateral Commission and between 2009-2012 was member of European Advisory Group to Managing Director of IMF.

Abhay Nalawade
Non-Executive Director

Mr. Nalawade was appointed as a Director (Non- Executive) of the Company in August 2011. Mr. Nalawade has more than four decades of experience in managing technology companies. His core experience has been in energy and environmental fields, since he had a long tenure director and later as the CEO and Managing Director of Thermax Limited - a major Indian multinational corporation. Mr. Nalawade is a graduate in Physics with Masters in Business Administration (MBA) from Pune University and Management Development Program from the Harvard Business School. He is currently the Founder & Managing Director of EcoAxis Systems Private Limited which has created a Machine - to - Machine (M2M) communication platform for continuous remote monitoring and analytics for industrial equipment, energy, water & waste water systems and CDM projects. He is also associated as an advisor with several companies in field of sustainable technologies - like water recycle, biomass gasification, speciality coatings etc.

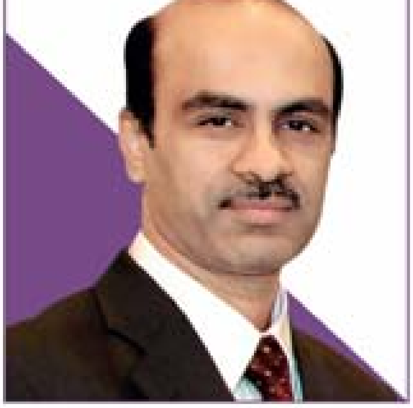
Board of Directors

K. A. Sastry
Executive Director

Mr. Sastry was appointed as a Director (Executive) of the Company in October 2006. He is a Chartered Accountant and leads the project execution & operations activities of the business in addition to being responsible for financial accounting, taxation and human resources functions of KSK. Prior to incorporating KSK, Mr. Sastry had more than a decade of extensive experience in the domains of financial consulting, audit, company law and foreign investment regulations.

S. Kishore
Executive Director

Mr. Kishore was appointed as a Director (Executive) of the Company in October 2006. He is a Chartered Accountant and leads the Business Development & Capital formation (both Equity and Debt) initiatives of the Group and has been instrumental along with Mr. Sastry in the rapid growth of KSK over the last decade. Prior to incorporating KSK, Mr. Kishore was a financial advisor & consultant for major domestic as well as international businesses in emerging technology areas and importantly has advised multiple energy companies/ utilities/ market entrants since the early nineties. Mr. Kishore has been additionally associated with various reforms and regulatory initiatives of the Government and has served in various committees.



Keith Nicholas Henry
Non-Executive Director

Mr. Keith Nicholas Henry has had a long and successful career in the global power and energy sectors. He has run large private and publicly listed companies that successfully established major assets in both developed and emerging markets. During his career, Keith was Chief Executive of National Power plc, a FTSE100 company, International Power, Brown & Root Ltd, and Kvaerner Engineering & Construction Ltd.

As a Non-Executive Director, Keith has served on the main board of many listed companies, including the roles of Chairman of Burren Energy plc, Helius Energy plc, and Petrojarl ASA; the Senior Independent Director of Emerald Energy plc; and Non-Executive Director of First Calgary Petroleums Ltd and Enterprise Oil plc. For several years, he was also a Non-Executive Director of Punj Lloyd Group, the Bombay Stock Exchange quoted engineering company based in Delhi. He is currently Chairman of Regal Petroleum plc and Greenko Group plc, and Senior Non-Executive Director of Sterling Energy plc.

Directors' Report

The Directors of KSK Power Ventur plc have pleasure in presenting this Directors' Report along with the audited financial statements of the Company and of the Group for the year ended 31 March 2016.

Business Review

KSK Power Ventur plc, through its subsidiaries, engages in the development, ownership, operation, and maintenance of power generation assets primarily in India. The Company develops and operates coal, gas, lignite, wind and solar based power plants, as well as hydroelectric power plants. The Group has an operational capacity of 2072 MW of which 1200 MW of a large 3600 MW is operational and the Group is involved in construction completion of balance 2400 MW in foreseeable future. The Group is also in the process of integrating the support infrastructure projects into the 3600 MW power station.

A full review of the Group's activities during 2015-16 can be found in the following sections of this Annual Report.

- Chairman's Statement
- Market Overview
- Operations and Financial Review
- Principal Risks and Uncertainties
- Sustainability Initiatives

Group Structure

The Company currently conducts its business through the following major subsidiaries:

- KSK Energy Limited, Mauritius - holds the principal investments in the Indian business;
- KSK Energy Ventures Limited - an Indian subsidiary listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) that has an attractive portfolio of power generation assets across various phases of operation, construction, development and planning. KSK Energy Ventures has a wide shareholder base consisting of large institutional investors, mutual funds, insurance companies, foreign institutional investors, retail investors and others;
- KSK Energy Company Private Limited - an Indian unlisted indirect subsidiary, that manages the Group's ancillary businesses that support the power plant operations;
- KSK Power Holdings Limited - 100% indirect subsidiary looking at various new initiatives of the Group

Corporate Governance

A report on Corporate Governance is set out elsewhere in the Annual Report.

Results and Dividends

The results for the year ended 31st March 2016 are set out in the attached financial statements. The Directors do not recommend payment of dividend for the year 2015-16.

Purchase of Own Shares

The authority to purchase its own shares upto a total aggregate value of 10% of the issued ordinary share capital of the Company was renewed by a resolution at its Annual General Meeting held on 29 August 2015. It is proposed that a similar authority would be taken up for renewal at the ensuing AGM. No purchase of shares by the Company has occurred during the year ended 31 March 2016.

Share Capital

The total number of Ordinary Shares with voting rights in the Company is 175,308,600.

Directors

The Directors that served on the Company Board during the year were:

- Thiruvengadam Lakshman Sankar
- Subramaniam Ramachandran Iyer
- Vladimir Dlouhy
- Abhay Mahadeo Nalawade
- Kolluri Ayyappa Sastry
- Sethuraman Kishore
- Keith Nicholas Henry

The biographies of the Directors are set out in the Annual Report.

Indemnity for Directors

Subject to the Isle of Man Companies Acts 1931 to 2004, but without prejudice to any indemnity to which a director may otherwise be entitled, every director shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by the Director in the actual or purported execution of his/her duties.

Directors' Report

Re-election of Directors

In accordance with the Articles of Association of the Company, at the next Annual General Meeting of the Company Mr. S.R. Iyer and Mr. S. Kishore retire by rotation and, being eligible, offer themselves for re-election.

Biographical details for Mr. S.R. Iyer and Mr. S. Kishore are set out in this report.

Board Committees

Information on the Audit Committee, Nomination Committee and Remuneration Committee is included in the Corporate Governance section of the Annual Report.

Directors and their Interest in the Shares of the Company

The Directors interest in shares of the Company is through their respective interest in Sayi Energy Ventur Limited which currently holds 106,336,750 ordinary shares of £0.001 each in the issued share capital of the Company. Mr. S. Kishore and Mr. K.A. Sastry, Executive Directors of the Company are also Directors of Sayi Energy Ventur Limited.

Capital Structure and Significant Shareholders

As at the date of this Report, there were 175,308,600 ordinary shares of the Company that were issued and fully paid. Major interests in the share capital of the Company, i.e. in excess of 3 per cent, as of the date of this Report are as follows:

Shareholder	Number of Ordinary Shares	Percentage of Ordinary Shares
Sayi Energy Ventur Limited	106,336,750	60.66
M&G Investment Management	35,044,189	19.99
Legal & General Investment Management	11,640,589	6.64
Universities Superannuation Scheme	6,574,424	3.75

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with the applicable laws and regulations. The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether they have prepared in accordance with International Financial Reporting Standards; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safe guard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The legislation governing the preparation and dissemination of Financial Statements may differ from one jurisdiction to another.

Internal Control and Risk Management Systems

The Board has the ultimate responsibility for the Group's internal control and risk management systems. The Audit Committee monitors internal controls and risk management systems on an annual basis.

Auditors

Our Auditors, KPMG Audit LLC being eligible, have expressed their willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act, 1982. A resolution proposing their re-appointment will be tabled at the forthcoming Annual General Meeting.

Post Balance Sheet Events

KSK Power Holdings Limited has not exercised the right of conversion of balance 6,98,56,800 share warrants of KSK Energy Ventures Limited ("KEVL") within stipulated time i.e. 17th April 2016. Accordingly, as per the terms of issue, the warrants lapsed and the Company's interest in KEVL (through KSK Energy Limited and other subsidiaries) stands unchanged at 68.17 %.

Going Concern

The Directors are confident that the Group has adequate financial resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the financial statements.

The Group business activities together with factors likely to affects its future development, performance and position are set out in the report. In addition note 30 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its hedging exposure to credit risk and liquidity risk.

The Group's forecast and projections, taking in to account reasonable possible changes in trading performance, show that the Group has sufficient financial resources, together with assets that are expected to generate free cash flow to the Group.

As a consequence, the Directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks and continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting when preparing these financial statements

Further details on going concern are provided in Financial Review section of the Report.

Approved by the Board of Directors

T. L. Sankar
Non Executive Chairman

Directors' responsibility Statement pursuant to Disclosure and Transparency Rule 4.1.12

(a) the financial statement, which are prepared in accordance with International Financial Reporting Standards give a true and fair view of the consolidated assets, liabilities, financial position and profit or loss of the Group;

(b) the Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

For and on behalf of Board

K. A. Sastry Executive Director	S. Kishore Executive Director

Directors' Remuneration Report

The Company has a good combination of Executive and Non-Executive Directors as more than half of the Board comprises of Non-Executive Directors. Since the Executive Directors of the Company do not draw any remuneration from the Company, the provisions of the UK Corporate Governance Code in respect of the Directors' remuneration are not relevant except in so far as they relate specifically to Non-Executive Directors.

However, the Company believes that the levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully. Further, the Company also believes that the remuneration should be appropriate to encourage enhanced performance and delivery of business strategy.

The Company has a Remuneration Committee comprising of Mr. Vladimir Dlouhy (Chairman), Mr. T. L. Sankar, Mr. S. R. Iyer and Mr. Abhay Nalawade.

Directors' Emoluments

Details of the Directors' fees paid were as follows:

Director	Annual Director's fees for year ended 31 March 2016 (Amount in USD)	Annual Director's fees for year ended 31 March 2015 (Amount in USD)
Mr. T. L. Sankar (Non-Executive Chairman)	50,000	50,000
Mr. Vladimir Dlouhy (Non-Executive Director)	50,000	50,000
Mr. S. R. Iyer (Non-Executive Director)	50,000	50,000
Mr. Abhay Nalawade (Non-Executive Director)	50,000	50,000
Mr. Keith N Henry (Non-Executive Director)	50,000	50,000
Mr. Guy D Lafferty[1] (Non-Executive Director)	NIL	29,167
Mr. K. A. Sastry (Executive Director)*	NIL	NIL
Mr. S. Kishore (Executive Director)*	NIL	NIL

Each Non - Executive Director is also entitled to the reimbursement of necessary travel and other expenses.

[1]Mr. Guy D Lafferty resigned from the Company on the 3rd November 2014. The remuneration paid to him is from 1st April 2014 to 3rd November 2014.

* While Executive Directors do not draw any remuneration from the Company, they draw remuneration from KSK Energy Ventures Limited (KEVL), the Indian Listed subsidiary as detailed below:

Director	Indian Rupees	Equivalent USD
Mr. K. A. Sastry (Executive Director)	9,000,000	137,394
Mr. S. Kishore (Executive Director)	9,000,000	137,394

No commission has been paid to the Directors during the period under review.

Scope of Remuneration Committee

- determine and agree with the Board the framework or broad policy for the remuneration of the company's Chief Executive Officer, all other executive directors, and such other members of the executive management as it is designated to consider.
- review the ongoing appropriateness and relevance of the remuneration policy.
- approve the design of and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes.
- review the design of all share incentive plans for approval by the Board and shareholders.
- review and note annually the remuneration trends across the company or group.
- oversee any major changes in employee benefits structures throughout the company or group.

Share Options

The Company has adopted a performance share plan known as KSK Power 2010 Performance Share Plan.

The Company has entered into a service contract with Mr. Keith N Henry with a monthly remuneration of USD 6000. Further, Mr. Keith is to subscribe to 350,000 options of the shares of the company (1/3rd every year over three years starting from 1st March, 2015) at strike price of 130p / share and the same to be provided under the KDESP 2010 plan approved by the Board in 2010.

Directors' Beneficial Interest in Shares

The Directors interest in shares of the Company is through their respective interest in Sayi Energy Ventur Limited as Mr. S.Kishore and Mr. K.A. Sastry, Executive Directors of the Company are also directors of Sayi Energy Ventur Limited.

Share Price Information

High for the year-43.00P

Low for the year-25.66P

Close for the year-33.00P

Pension Schemes

No pension schemes exist in the Company.

Service Contracts

The Company has not entered into any service contracts with the Executive Directors, Mr. K. A. Sastry and Mr. S. Kishore and their appointments are regulated as per the terms of the letters of appointments which provides that the appointments are for a period of three years starting 20 August 2015 and are subject to termination upon six months' notice by either party.

The Executive Directors are also the Full-time Directors of KSKEV and have entered service agreements which provides for the terms relating to the payment of salary and other individual terms. Effective 1 April 2015, the whole-time directors are entitled to salary not exceeding Rs.750,000 per month, inclusive of all perquisites that may be paid or provided as per the policy of KSKEV. The Directors are eligible for commission not exceeding 1.5% of the net profits of KSKEV in accordance with provisions of the Indian Companies Act.

For the other five Directors viz, Mr. T. L. Sankar, Mr. S. R. Iyer, Mr. Vladimir Dlouhy, Mr. Abhay Nalawade and Mr. Keith N Henry, (the Non-Executive Directors), in view of the non-executive nature of the directorships, there are no service contracts in existence between the Company and the Non-Executive Directors. Each of the Non-Executive Directors were appointed by letters of appointment which sets out the main terms of their appointment and are subject to termination upon three months' notice by either party.

Corporate Governance Statement

The Company believes that maintaining highest standards of Corporate Governance is the key to achieving long term success and consolidation. Effective management is the result of good governing practices. The Company supports the highest standards of Corporate Governance and is committed to ensuring that the highest level of governance is achieved.

The Company's objective remains to create long-term value for shareholders. The Board governs the Group consistently with our business strategy and commitment to a transparent and high quality governance system. Corporate Governance is a synonym for sound management, transparency and disclosure.

It is the Company's belief that corporate governance policies and practices and its periodic review need to be tailored to the size and maturity of the organization. On the voluntary initiative of the Board of Directors, the Company is in substantial compliance with all of the material aspects of the UK Corporate Governance Code (the "Code"). The Company has an effective Board with robust and effective governance policies in place.

Composition of Board of Directors and Board Balance

The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. The directors' role is to balance performance and compliance by ensuring that management's actions are consistent with corporate strategy, reflective of the culture of the business and in line with the organization's risk tolerance.

The Board currently comprises of seven directors including an independent Non-Executive Chairman, four independent Non-Executive Directors and two Executive Directors. The brief biographies of the Directors are given under the head 'Board of Directors' elsewhere in this Annual Report.

- T.L. Sankar
- S.R. Iyer
- Vladimir Dlouhy
- Abhay M Nalawade
- Keith N Henry
- K.A. Sastry
- S.Kishore

The Board believes it is an effective board that is collectively responsible for the success of the Company and its composition is appropriate for an effective listed company.

Board Meetings

The core activities of the Board are carried out in scheduled meetings of the Board and its Committees. The meetings are held as per the corporate calendar circulated in advance and in addition to the Board meetings, regular conference calls are arranged to apprise the Board of latest developments and also to consider any other matters which require boards attention and decision.

Directors' Attendance at Board and Board Committee Meetings

The Board periodically meets and had in total four meetings during the year. The Board is pleased with the high level of attendance and participation of both Executive and Non-Executive directors at the meetings.

In addition to formal meetings of the Board, the Executive Directors maintained frequent verbal and written communication with the Non-Executive Chairman and other Non-Executive Directors to discuss any issues of concern they may have relating to the Group or their areas of responsibility, and to keep them fully briefed on the Group's operation. Additionally, as a practice the Non-Executive Chairman has independent discussion with the other Non-Executive Directors, without the presence of executive directors, on the business and any issues related thereto.

The Board also receives regular updates from management on the performance of the business against the agreed strategy and on its operations.

The table below sets out the attendance record of each director at scheduled Board and Board Committee meetings during 2015-16.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Meetings held during 2015-16	**4**	**3**	**2**	**2**
	Meetings attended	**Meetings attended**	**Meetings attended**	**Meetings attended**
Mr. T. L. Sankar	4	3	2	2
Mr. S. R. Iyer	3	3	2	2
Mr. Vladimir Dlouhy	2	2	1	1
Mr. Abhay Nalawade	3	3	2	n/a
Mr. K. A. Sastry	4	n/a	n/a	n/a
Mr. S. Kishore	4	n/a	n/a	n/a
Mr. Keith N Henry	3	n/a	n/a	n/a

n/a not applicable (where a director is not a member of the committee)

Role of the Board

The Board of Directors is collectively responsible for long term success of the Company and has ultimate responsibility for the management, direction and performance of the Group and its businesses. The Directors are responsible for the Group's and the Company's system of internal financial control, safeguarding the assets of the Group and the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure ongoing financial performance is monitored in a timely and corrective manner and risk is identified as early as practicably possible. Clear lines of authority, responsibility and financial accounting exist between the relevant heads of department and the Directors.

The Directors review the effectiveness of the system of internal control. Given the organization structure and material business through subsidiaries, such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board meets regularly during the course of the year to review trading performance and budgets, funding, to set and monitor strategy, examine acquisition opportunities and report to shareholders. The Board has a formal schedule of matters specifically reserved to it for decisions.

The roles of the Chairman and the Executive Directors are separate, and their responsibilities are independently defined. It is the Chairman's responsibility to ensure that the Board is provided with accurate, timely and clear information in relation to the Group and its business.

Reserved Matters

Schedules of matters are reserved for the decisions by the Board. Among them, following are the key matters reserved for their decision:

- Business strategy
- Specific risk management policies including insurance, hedging, borrowing limits and corporate security
- Agreement of codes of ethics and business practices
- Annual assessment of significant risks and effectiveness of internal controls

Corporate Governance Statement

- Contracts not in the ordinary course of business
- Raising new capital and confirmation of major financing facilities
- Treasury policies including foreign currency and interest rate exposure
- Final approval of annual and interim reports and accounts and accounting policies
- Approval and recommendation of dividends
- Approval of press releases concerning matters decided by the board
- Allotment, calls or forfeiture of shares
- Prosecution, defence or settlement of any litigation being material to the interests of the Company

Subsidiary Board Structure

The Company operates its power generation business in India through KSK Energy Ventures Limited ("KSKEV"), whose shares are listed on the National Stock Exchange of India Limited and BSE Limited. KSKEV has its own board with 4 of the Company Directors, independent directors, respective committees that undertake all subsidiaries corporate governance requirements and complies with Indian listing requirements. Additionally, such independent directors also sit on the boards of all material non-listed subsidiaries of KSKEV.

Non-Executive Directors

A board needs to make timely strategic decisions, to ensure operations are in line with strategy; to ensure the integrity of financial information and the robustness of financial and other controls; to oversee the management of risk and review the effectiveness of risk management processes and to ensure that the right people are in place.

Non-executive directors are expected to provide an effective monitoring role and to provide help and advice as a sounding board for the Executive directors. All this is in the long term interests of the company and should be based on the optimum level of information, through smooth processes, by people with the right skills mix and in a constructive manner.

Mr. S.R. Iyer is the Board's existing senior independent director. A senior independent director is appointed to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The senior independent director is required to be available to shareholders if they have concerns which could not be resolved through the normal channels of chairman, chief executive or other executive directors or for which such channels are inappropriate.

Professional Advice

Each Committee and each Director has the authority to seek independent professional advice where necessary to discharge their respective duties in each case at the Company's expense.

The Company Secretary is Richard Vanderplank who is retained on a consultancy basis. He is available to Directors and is responsible for the Board complying with Isle of Man procedures.

Share Dealing Code

The Company has adopted a share dealing code which is based on the Model Code for Directors dealings contained in the Listing Rules.

Board Committees

Audit, Remuneration, Nomination and Finance and Authorisation Committees are the four committees constituted by the Board with their terms of reference clearly defined. Audit, Remuneration and Nomination committee consists only of Independent Non-Executive Directors and has terms of reference under which authority is delegated by the Board.

Audit Committee

The Company's Audit Committee comprises of the Non-Executive Directors, being Mr. S. R. Iyer (Chair), Mr. T. L. Sankar,
Mr. Vladimir Dlouhy and Mr. Abhay Nalawade.

The Audit Committee is responsible for a wide range of financial matters and will meet at least three times a year. It monitors the controls that are in place to ensure the integrity of the financial information reported to shareholders including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance.

The Audit Committee also oversees the relationship with the external auditor, reviews the scope and results of audits and provides a forum for reporting by the Group's auditors.

The Audit Committee also focuses on compliance with legal requirements, accounting standards and the Listing Rules and the Disclosure and Transparency Rules including reviewing the summary of financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature, and ensures that an effective system of internal control and risk management systems are maintained.

The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports nevertheless remains with the Board. The Executive Directors attend meetings of the Audit Committee through invitation.

Remuneration Committee

The Company's Remuneration Committee comprises of the Non-Executive Directors being Mr. Vladimir Dlouhy (Chair), Mr. T. L. Sankar, Mr. S. R. Iyer and Mr. Abhay Nalawade. The Remuneration Committee will meet at least twice a year, considers remuneration policy and the employment terms and remuneration of the Executive Directors and senior management.

The Remuneration Committee's role is advisory in nature and makes recommendations to the Board on the overall remuneration packages for executive directors in order to attract, retain and motivate high quality executives capable of achieving the Group's objectives. The Remuneration Committee also reviews proposals for the introduction of share plans and other incentive plans, makes recommendations for the grant of awards under such plans as well as advising on the terms of employment of the Executive Directors. None of the Directors participates in any discussion or votes on any proposal relating to his own remuneration.

The Board's policy is to remunerate the Group's senior executives fairly and in such manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel. The remuneration of the Non-Executive Directors is determined by the Chairman and the other Executive Directors outside the framework of the Remuneration Committee.

Nomination Committee

The Company's Nomination Committee comprises of the Non-Executive Directors being Mr. T. L. Sankar (Chair), Mr.S. R. Iyer and Mr. Vladimir Dlouhy. The Nomination Committee considers the structure, size and composition of the Board, retirements and appointments of additional and replacement directors, reviews succession plans for the directors and makes recommendations to the Board on membership of the Board, its committees and other matters within its ambit.

Shareholder Relationships

The objective of the Board is to create increased shareholder value by growing the business in a way that delivers sustainable improvement in earnings over the medium and long term.

The Company is committed to promotion of investor confidence by ensuring information dissemination and trade in securities takes place in an efficient, competitive market.

In addition to meeting ongoing disclosure requirements, as part of Company's investor relationship program, meetings with analysts and Shareholders are held on regular basis. Field visits to specific power plant locations are facilitated, after due and adequate notice from interested shareholders.

Relevant information has been put on the Company's website www.kskplc.co.uk with updates on regular basis

Corporate Governance Report

Internal Control

The Board is responsible for the effectiveness of the Company's internal control system and is supplied with information to enable it to discharge its duties. Internal control systems are designed to meet the particular needs of the Company and to manage rather than eliminate the risk of failure to meet business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The assessment of controls and risk management processes provide a reasonable basis for the Board to make proper judgements on an ongoing basis as to the financial position and prospects of the Group.

The Board has conducted a review of the effectiveness of the system of internal control for the year ended 31 March 2016 and up to the date of the signing of the financial statements and is satisfied that it remains appropriate to the business.

The UK Corporate Governance Code

The Board believes that its composition is suitable, having regard to its international stature with a focus on India. Notwithstanding the long tenure of some of the Directors and holding of directorship in KSKEV and in some of its subsidiaries, the Board believes all of the Non-Executive Directors are independent as the appointments are as per the requirements of the listing requirements of BSE & NSE and their independent judgement do not get affected by virtue of the cross directorship.

The Company believes that investor trust can be retained only by following the best Corporate Governance Practices. The focus of the Company has been and will be creation of long term value for all its stakeholders without compromising on ethics, social obligations and regulatory compliances.

T. L. Sankar

Non Executive Chairman

Sai Maithili, Rajasthan

Independent Auditor's Report

Report of the Independent Auditors, KPMG Audit LLC, to the members of KSK Power Ventur plc

We have audited the financial statements of KSK Power Ventur plc for the year ended 31 March 2016 which comprise the Consolidated and Company Income Statements, Consolidated and Company Statements of Other Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows and the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 March 2016 and of the Group's and Company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the provisions of Companies Acts 1931 to 2004.

Independent Auditor's Report

Emphasis of matter - Receivables

We draw attention to Note 29(d)(iv) to the financial statements which describes the claims receivable relating to additional tariff adjustments and additional taxes in respect of KSK Mahanadi raised by the Group on the state utilities as per the provisions of the power purchase agreements entered into with respective State DISCOMs. The Directors are confident that the claims are fully recoverable as they are based on judicial precedents, a presidential directive and general principles outlined by the Indian Government instrumentalities including specific provisions for a change in law incorporated in the respective PPA for power supplies. However, recoverability of the claims submitted is dependent on the outcome of the adjudication by the relevant authority. Our opinion is not qualified in respect of this matter.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Parent Company and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company's statement of financial position is not in agreement with the books of account and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark Russell Kelly, Responsible Individual

For and on behalf of KPMG Audit LLC, Statutory Auditor
Chartered Accountants

Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

Consolidated and Company Statement of Financial Position

As at 31 March

(All amounts in thousands of US $, unless otherwise stated)

		Consolidated		Company	
	Notes	2016	2015	2016	2015
ASSETS					
Non-current					
Property, plant and equipment, net	8	3,370,932	3,456,914	-	-
Intangible assets and goodwill	9	11,382	12,188	-	-
Investments and other financial assets	10	100,828	130,491	382,820	403,902
Other non-current assets	11	52,620	102,646	-	-
Trade and other receivables	12	2,593	2,845	-	-
Deferred tax asset	27	141,327	128,104	-	-
		3,679,682	**3,833,188**	**382,820**	**403,902**
Current					
Investments and other financial assets	10	49,623	31,313	-	27
Other current assets	11	85,870	40,459	108	320
Trade and other receivables	12	367,139	154,212	-	-
Inventories	13	38,891	32,453	-	-
Cash and short-term deposits	14	122,800	197,996	1,194	1,065
		664,323	**456,433**	**1,302**	**1,412**
Total assets		**4,344,005**	**4,289,621**	**384,122**	**405,314**
EQUITY AND LIABILITIES					
Issued capital	15	289	289	289	289
Share premium	15	287,191	287,191	287,191	287,191
Share application money	15	-	16,498	-	16,498
Foreign currency translation reserve	15	(147,152)	(129,431)	4,761	4,524
Revaluation reserve	15	1,385	1,418	-	-
Capital redemption reserve	15	16,045	10,855	-	-
Other reserves	15	146,234	147,317	169	122
(Accumulated deficit) / retained earnings	15	(56,670)	15,590	(25,589)	(18,927)
Equity attributable to owners of the Company		**247,322**	**349,727**	**266,821**	**289,697**
Non-controlling interests		168,418	203,374	-	-
Total equity		**415,740**	**553,101**	**266,821**	**289,697**

Consolidated and Company Statement of Financial Position

As at 31 March
(All amounts in thousands of US $, unless otherwise stated)

		Consolidated		Company	
	Notes	2016	2015	2016	2015
Non-current liabilities					
Loans and borrowings	16	2,700,202	2,722,596	-	-
Other non-current financial liabilities	17	23,239	26,862	-	-
Trade and other payables	18	30,496	47,581	-	-
Provisions	19	8,868	3,210	-	-
Deferred revenue	20	2,556	2,824	-	-
Employee benefit liability	21	1,057	711	-	-
Deferred tax liabilities	27	37,596	33,777	-	-
		2,804,014	**2,837,561**	**-**	**-**
Current liabilities					
Loans and borrowings	16	623,600	521,953	115,798	114,245
Other current financial liabilities	17	6,098	5,959	-	-
Trade and other payables	18	493,099	369,590	1,503	1,372
Deferred revenue	20	211	310	-	-
Taxes payable		1,243	1,147	-	-
		1,124,251	**898,959**	**117,301**	**115,617**
Total liabilities		**3,928,265**	**3,736,520**	**117,301**	**115,617**
Total equity and liabilities		**4,344,005**	**4,289,621**	**384,122**	**405,314**

(See accompanying notes to the Consolidated and Company financial statements)

Approved by the Board of Directors on 18 July 2016 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

Consolidated and Company Income Statement

For the year ended 31 March
(All amounts in thousands of US $, unless otherwise stated)

		Consolidated		Company	
	Notes	2016	2015	2016	2015
Revenue	22	674,547	382,307	-	-
Cost of revenue	23	(443,211)	(279,034)	-	-
Gross profit		**231,336**	**103,273**	-	-
Other operating income	24	1,875	9,396	-	-
Distribution costs		(8,640)	(10,501)	-	-
General and administrative expenses		(63,905)	(61,604)	(1,688)	(960)
Operating profit / (loss)		**160,466**	**40,564**	**(1,688)**	**(960)**
Finance costs	25	(296,470)	(219,810)	(4,974)	(3,718)
Finance income	26	26,336	19,135	-	-
Loss before tax		**(109,668)**	**(160,111)**	**(6,662)**	**(4,678)**
Income tax	27	14,064	91,204	-	-
Loss for the year		**(95,604)**	**(68,907)**	**(6,662)**	**(4,678)**
Attributable to:					
Owners of the Company		(72,922)	(56,504)	(6,662)	(4,678)
Non-controlling interests		(22,682)	(12,403)	-	-
		(95,604)	**(68,907)**	**(6,662)**	**(4,678)**
(Loss) / earnings per share					
Weighted average number of ordinary shares for basic and diluted earnings per share		175,308,600	175,308,600		
Basic and diluted (loss) / earnings per share (US $)		(0.42)	(0.32)		

(See accompanying notes to the Consolidated and Company financial statements)

Approved by the Board of Directors on 18 July 2016 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

Consolidated and Company Statement of Other Comprehensive Income

For the year ended 31 March
(All amounts in thousands of US $, unless otherwise stated)

	Consolidated		Company	
	2016	**2015**	**2016**	**2015**
Loss for the year	**(95,604)**	**(68,907)**	**(6,662)**	**(4,678)**
Items that will never be reclassified to income statement				
Re-measurement of defined benefit liability	(114)	94	-	-
Income tax relating to re-measurement of defined benefit liability	19	59	-	-
	(95)	**153**	-	-
Items that are or may be reclassified subsequently to income statement				
Foreign currency translation differences	(28,412)	(24,135)	237	(8,056)
Available-for-sale financial assets				
- current year gain / (loss)	(116)	(2,612)	-	-
- reclassification to income statement	163	693	-	-
Reclassification of reserve on deemed disposal of interest in joint operation	-	(491)	-	-
Income tax relating to available for sale financial asset	(456)	505	-	-
	(28,821)	**(26,040)**	**237**	**(8,056)**
Other comprehensive (expense) / income, net of tax	**(28,916)**	**(25,887)**	**237**	**(8,056)**
Total comprehensive expense for the year	**(124,520)**	**(94,794)**	**(6,425)**	**(12,734)**
Attributable to:				
Owners of the Company	(91,017)	(73,310)	(6,425)	(12,734)
Non-controlling interests	(33,503)	(21,484)	-	-
	(124,520)	**(94,794)**	**(6,425)**	**(12,734)**

(See accompanying notes to the Consolidated and Company financial statements)

Approved by the Board of Directors on 18 July 2016 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

Consolidated Statement Of Changes In Equity

For the year ended 31 March 2015
(All amounts in thousands of US $, unless otherwise stated)

	Attributable to owners of the Company										
	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non - controlling interests	Total equity
As at 1 April 2014	**289**	**287,191**	**18,000**	**(113,933)**	**2,614**	**5,461**	**143,615**	**69,254**	**412,491**	**169,782**	**582,273**
Refund of share application money	-	-	(1,502)	-	-	-	-	-	**(1,502)**	-	**(1,502)**
Change in non-controlling interests without change in control	-	-	-	-	-	-	4,898	-	**4,898**	62,114	**67,012**
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-	-	-	7,038	**7,038**	(7,038)	-
Equity-settled share based payment	-	-	-	-	-	-	112	-	**112**	-	**112**
Transfer of profit to capital redemption reserve	-	-	-	-	-	5,394	-	(5,394)	-	-	-
Net depreciation transfer for property, plant and equipment	-	-	-	-	(345)	-	-	345	-	-	-
Transaction with owners	-	-	**(1,502)**	-	**(345)**	**5,394**	**5,010**	**1,989**	**10,546**	**55,076**	**65,622**
Loss for the year	-	-	-	-	-	-	-	(56,504)	**(56,504)**	(12,403)	**(68,907)**
Other comprehensive income											
Items that will never be reclassified to income statement											
Re-measurement of defined benefit liability	-	-	-	-	-	-	94	-	**94**	-	**94**
Income tax relating tore-measurement of defined benefit liability	-	-	-	-	-	-	59	-	**59**	-	**59**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015
(All amounts in thousands of US $, unless otherwise stated)

	Attributable to owners of the Company										
	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non - controlling interests	Total equity
Items that are or may be reclassified subsequently to Income statement											
Foreign currency translation differences	-	-	-	(15,498)	-	-	-	-	(15,498)	(8,637)	(24,135)
Available-for-sale financial assets											
- current year loss	-	-	-	-	-	-	(2,004)	-	(2,004)	(608)	(2,612)
- reclassification to profit or loss	-	-	-	-	-	-	693	-	693	-	693
Income tax relating to available-for-sale financial asset	-	-	-	-	-	-	341	-	341	164	505
Reclassification of reserves on deemed disposal of interest in Joint operation	-	-	-	-	(851)	-	(491)	851	(491)	-	(491)
Total comprehensive expenses for the year	-	-	-	(15,498)	(851)	-	(1,308)	(55,653)	(73,310)	(21,484)	(94,794)
Balance as at 31 March 2015	289	287,191	16,498	(129,431)	1,418	10,855	147,317	15,590	349,727	203,374	553,101

(See accompanying notes to the Consolidated and Company financial statements)

[1] The group entities have arrangements of sharing of profits with its non-controlling shareholders, through which the non controlling shareholders are entitled to a dividend of 0.01% of the face value of the equity share capital held and the same is also reflected in the Consolidated income statement. However, the non controlling interest disclosed in the Statement of changes in equity is calculated in the proportion of the actual shareholding as at the reporting date.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016
(All amounts in thousands of US $, unless otherwise stated)

	Attributable to owners of the Company										
	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non - controlling interests	Total equity
As at 1 April 2015	**289**	**287,191**	**16,498**	**(129,431)**	**1,418**	**10,855**	**147,317**	**15,590**	**349,727**	**203,374**	**553,101**
Refund of share application money	-	-	(16,498)	-	-	-	-	-	**(16,498)**	-	**(16,498)**
Change in non-controlling interests without change in control	-	-	-	-	-	-	(756)	-	**(756)**	4,366	**3,610**
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-	-	-	5,819	**5,819**	(5,819)	-
Equity-settled share based payment	-	-	-	-	-	-	47	-	**47**	-	**47**
Transfer of profit to capital redemption reserve	-	-	-	-	-	5,190	-	(5,190)	-	-	-
Net depreciation transfer for property, plant and equipment	-	-	-	-	(33)	-	-	33	-	-	-
Transaction with owners	-	-	**(16,498)**	-	**(33)**	**5,190**	**(709)**	**662**	**(11,388)**	**(1,453)**	**(12,841)**
Loss for the year	-	-	-	-	-	-	-	(72,922)	**(72,922)**	(22,682)	**(95,604)**
Other comprehensive income											
Items that will never be reclassified to income statement											
Re-measurement of defined benefit liability	-	-	-	-	-	-	(114)	-	**(114)**	-	**(114)**
Income tax relating to re-measurement of defined benefit liability	-	-	-	-	-	-	19	-	**19**	-	**19**

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016
(All amounts in thousands of US $, unless otherwise stated)

	Attributable to owners of the Company										
	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non - controlling interests	Total equity
Items that are or may be reclassified subsequently to Income statement											
Foreign currency translation differences	-	-	-	(17,721)	-	-	-	-	(17,721)	(10,691)	(28,412)
Available-for-sale financial assets											
- current year loss	-	-	-	-	-	-	(131)	-	(131)	15	(116)
- reclassification to profit or loss	-	-	-	-	-	-	163	-	163	-	163
Income tax relating to available-for-sale financial asset	-	-	-	-	-	-	(311)	-	(311)	(145)	(456)
Total comprehensive expenses for the year	-	-	-	(17,721)	-	-	(374)	(72,922)	(91,017)	(33,503)	(124,520)
Balance as at 31 March 2016	289	287,191	-	(147,152)	1,385	16,045	146,234	(56,670)	247,322	168,418	415,740

(See accompanying notes to the Consolidated and Company financial statements)

[1] The group entities have arrangements of sharing of profits with its non-controlling share holders, through which the non controlling shareholders are entitled to a dividend of 0.01% of the face value of the equity share capital held and the same is also reflected in the Consolidated Income statement. However, the non controlling interest disclosed in the Statement of changes in equity is calculated in the proportion of the actual shareholding as at the reporting date.

Company Statement of Changes In Equity

For the year ended 31 March 2016
(All amounts in thousands of US $, unless otherwise stated)

	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Other reserves	Accumulated deficit	Total equity
As at 1 April 2014	**289**	**287,191**	**18,000**	**12,580**	**10**	**(14,249)**	**303,821**
Refund of share application money	-	-	(1,502)	-	-	-	**(1,502)**
Equity-settled share based payment	-	-	-	-	112	-	**112**
Transaction with owners	**-**	**-**	**(1,502)**	**-**	**112**	**-**	**(1,390)**
Loss for the year	-	-	-	-	-	(4,678)	**(4,678)**
Other comprehensive income							
Foreign currency translation differences	-	-	-	(8,056)	-	-	**(8,056)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(8,056)**	**-**	**(4,678)**	**(12,734)**
Balance as at 31 March 2015	**289**	**287,191**	**16,498**	**4,524**	**122**	**(18,927)**	**289,697**
As at 1 April 2015	**289**	**287,191**	**16,498**	**4,524**	**122**	**(18,927)**	**289,697**
Refund of share application money	-	-	(16,498)	-	-	-	**(16,498)**
Equity-settled share based payment	-	-	-	-	47		**47**
Transaction with owners	**-**	**-**	**(16,498)**	**-**	**47**	**-**	**(16,451)**
Loss for the year	-	-	-	-	-	**(6,662)**	**(6,662)**
Other comprehensive income							
Foreign currency translation differences	-	-	-	237	-	-	**237**
Total comprehensive income / (expense) for the year	**-**	**-**	**-**	**237**	**-**	**(6,662)**	**(6,425)**
Balance as at 31 March 2016	**289**	**287,191**	**-**	**4,761**	**169**	**(25,589)**	**266,821**

(See accompanying notes to Consolidated and Company financial statements)

Consolidated and Company Statement of Cash Flows

For the year ended 31 March
(All amounts in thousands of US $, unless otherwise stated)

	Consolidated		Company	
	2016	2015	2016	2015
Cash inflow / (outflow) from operating activities				
Loss before tax	(109,668)	(160,111)	(6,662)	(4,678)
Adjustment				
Depreciation and amortization	91,068	58,733	-	-
Finance cost	317,817	218,693	8,212	3,857
Finance income	(15,773)	(19,135)	-	-
Provision and impairment of trade receivable, PPE and other receivable	29,353	31,070	912	-
Net loss on business combination	-	2,001	-	-
Loss on sale of fixed assets, net	5	142	-	-
Others	(182)	(7,857)	(65)	112
Change in				
Trade receivables and unbilled revenue	(222,093)	1,687	-	-
Inventories	(6,438)	(7,419)	-	-
Other assets	(12,111)	(7,391)	214	31
Trade payables and other liabilities	71,699	(17,202)	260	53
Employee benefit liability	346	204	-	-
Cash generated from / (used in) operating activities	**144,023**	**93,415**	**2,871**	**(625)**
Taxes refund / (paid), net	80	(3,945)	-	-
Net cash provided by / (used in) operating activities	**144,103**	**89,470**	**2,871**	**(625)**
Cash inflow / (outflow) from investing activities				
Movement in restricted cash, net	50,487	(19,137)	-	-
Purchase of property, plant and equipment and other non-current assets	(58,518)	(222,891)	-	-
Proceeds from sale of property, plant and equipment	2,605	929	-	-
Purchase of financial assets	(4,910)	(27,770)	-	(46,353)
Proceeds from sale of financial assets	8,541	24,225	17,826	-
Net cash flow on business combination	-	(5,784)	-	-
Dividend received	417	95	-	-
Interest income received	14,099	16,738	-	-
Net cash provided by / (used in) investing activities	**12,721**	**(233,595)**	**17,826**	**(46,353)**
Cash inflow / (outflow) from financing activities				
Proceeds from borrowings	501,317	995,211	52,843	62,876
Repayment of borrowings	(276,115)	(533,352)	(51,609)	(10,490)
Finance costs paid	(377,058)	(398,627)	(2,286)	(3,103)
Payment of derivative liability	(9,333)	(4,552)	-	-

	Consolidated		Company	
	2016	**2015**	**2016**	**2015**
Advance received for sale of investment	4,024	14,939	-	-
Net proceeds from issue of shares and share application money in subsidiary to non-controlling interest	2,984	63,371	-	-
Net refund of share application money	(16,498)	(1,502)	(16,498)	(1,502)
Net cash flow (used in) / provided by financing activities	**(170,679)**	**135,488**	**(17,550)**	**47,781**
Effect of exchange rate changes	(10,854)	(6,564)	(3,018)	89
Net increase / (decrease) in cash and cash equivalent	**(24,709)**	**(15,201)**	**129**	**892**
Cash and cash equivalents at the beginning of the year	40,733	55,934	1,065	173
Cash and cash equivalents at the end of the year (refer note 14)	**16,024**	**40,733**	**1,194**	**1,065**

(See accompanying notes to the Consolidated and Company financial statements)

Notes to Consolidated and Company Financial Statements

For the year ended 31 March 2016
(All amounts in thousands of US $, unless otherwise stated)

1. Corporate information

1.1. General information

KSK Power Ventur plc ('the Company' or 'KPVP' or 'KSK' or 'Parent'), a limited liability corporation, is the Group's Parent Company and is incorporated and domiciled in the Isle of Man. The address of the Company's Registered Office, which is also principal place of business, is Fort Anne, Douglas, Isle of Man, IM1 5PD. The Company's equity shares are listed on the Standard List on the official list of the London Stock Exchange.

1.2. Nature of operations

KSK Power Ventur plc, its subsidiaries and joint operations (collectively referred to as 'the Group') are primarily engaged in the development, ownership, operation and maintenance of private sector power projects with multiple industrial consumers and utilities in India.

KSK focused its strategy on the private sector power development market, undertaking entire gamut of development, investment, construction (for its own use), operation and maintenance of power plant with supplies initially to heavy industrials operating in India and now branching out to cater to the needs of utilities and others in the wider Indian power sector.

The principal activities of the Group are described in note 22.

1.3. Statement of compliance responsibility statement

a. the Consolidated and Company financial statements contained in this document has been prepared in accordance with International Financial Accounting Standard and its interpretations as adopted by European Union ("EU")and the provisions of the Isle of Man, Companies Act 1931-2004 applicable to companies reporting under IFRS and gives a true and fair view of the assets, liabilities, financial position and the profit or loss of the group as required by Disclosure and Transparency Rules ("DTR") 4.2.4R;

b. the management report contained in this document includes a fair review of the information required by the Financial Conduct Authority's DTR 4.2.7R (being an indication of important events that have occurred during the financial year and their impact on the financial statements; and a description of the principal risks and uncertainties);

c. this document includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein);

The financial statements were authorised for issue by the Board of Directors on 18 July 2016.

1.4. Financial period

The Consolidated and Company financial statements cover the period from 1 April 2015 to 31 March 2016, with comparative figures from 1 April 2014 to 31 March 2015.

1.5. Basis of preparation

These Consolidated financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following:

- Derivative financial instruments that are measured at fair value;
- Financial instruments that are designated as being at fair value through profit or loss account upon initial recognition are measured at fair value;
- Available-for-sale financial assets that are measured at fair value; and
- Liabilities for cash-settled shared-based payment arrangements
- Net employee defined benefit (asset) / liability that is measured based on actuarial valuation.

The financial statements of the Group and the Company have been presented in United States Dollars ('US $'), which is the presentation currency of the Company. All amounts have been presented in thousands, unless specified otherwise.

Balances represent consolidated amounts for the Group, unless otherwise stated. The Company's financial statement represents separate financial statement of KPVP.

Going Concern: The financial statements have been prepared on the going concern basis which assumes the Group and the Company will have sufficient funds to continue its operational existence for the foreseeable future, covering at least twelve months from the date of signing these financial statements. The Group requires funds for both short-term operational needs as well as for long-term investment programmes, mainly in construction projects for its power plants.

As at 31 March 2016, the Group had net current liabilities of US $ 459,928 and is dependent on a continuation of both short-term and long-term debt financing facilities. Such financing is subject to covenant and amortisation conditions. The Group also has significant capital commitments at the year-end of which a portion is due to be met during the year ending 31 March 2017 (refer note 29(b)), primarily in respect of on-going plant construction projects at KSK Mahanadi. The Group is also involved in a number of on-going legal and claim matters the impact of which is outlined in note 29(d).

The Group continues to generate cash flows from current operations which are further expected to increase with full year operation of two units of KSK Mahanadi plant and better plant load factor in Sai Wardha. These two factors are key assumptions with regard to management's forecasts and expectations. It is forecast that the long-term PPA arrangement for Sai Wardha will be in place shortly. Should there be further delays in this matter this may impact on the ability of the Group to generate sufficient cash flows for current financing proposals being considered, described below.

A number of the facilities that are due to expire at 31 March 2017 are in the process of being extended and are renewable in a number of cases. In addition the Group may refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, wherever applicable. The Directors are confident that these facilities will remain available to the Group based on current trading, covenant compliance and ongoing discussions with the Group's primary lending consortium regarding future facilities and arrangements in respect of current borrowings.

The Group currently had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately US $ 969,740 to meet its long-term investment programmes. The Group is in the process of completing the documentation with various lenders in order to match facilities to the current development and financing plan for KSK Mahanadi.

As a consequence, the Directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks and continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting when preparing these financial statements.

Notes to Consolidated and Company Financial Statements

For the year ended 31 March 2016
(All amounts in thousands of US $, unless otherwise stated)

1.6. List of subsidiaries and jointly operations

Details of the Group's subsidiaries and joint operation, which are consolidated into the Group's consolidated financial statements, are as follows:

(a) Subsidiaries

Subsidiaries	Principal activities	The Company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		2016	2015			2016	2015
KSK Energy Limited ('KEL')	Investment/Financing company	100.00	100.00	Mauritius	KPVP	100.00	100.00
KSK Asset Management Services Private Limited ('KASL')	Fund Management Company	100.00	100.00	Mauritius	KPVP	100.00	100.00
Global Coal Sourcing Plc (GCSP) (formerly KSK Green Power plc ('KGPP'))	Investment company	-	100.00	Isle of Man	KPVP	-	100.00
KSK Solar Ventures plc ('KSVP')	Investment company	100.00	100.00	Isle of Man	KPVP	100.00	100.00
KSK Emerging India Energy Private Limited I ('KSKEIEPL I')	Investment company	100.00	100.00	Mauritius	KASL	100.00	100.00
KSK Emerging India Energy Private Limited II ('KSKEIEPL II')	Investment company	100.00	100.00	Mauritius	KASL	100.00	100.00
KSK Green Energy Pte Limited ('KGEPL')	Investment company	100.00	100.00	Singapore	KPVP	99.88	99.88
KSK Wind Energy Halagali Benchi Private Limited ('KWEHBPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Power Sankonahatti Athni Private Limited ('KWPSAPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Mothalli Haveri Private Limited ('KWEMHPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Power Aminabhavi Chikodi Private Limited ('KWPACPL')	Power generation	-	100.00	India	KGEPL	-	100.00
KSK Wind Energy Shiggaon Haveri Private Limited ('KWESHPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Mugali Chikodi Private Limited ('KWEMCPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Power Yadahalli Benchi Private Limited ('KWPYBPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Nandgaon Athni Private Limited ('KWENAPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Tirupur Elayamuthur Private Limited ('KWETEPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Tirupur Udumalpet Private Limited ('KWETUPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00

Subsidiaries	Principal activities	The Company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		2016	2015			2016	2015
KSK Wind Energy Tuticorin Rajapudukudi Private Limited ('KWETRPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Madurai MS Puram Private Limited ('KWEMMPPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Surya Ventures Limited ('KSVL')	Investment company	100.00	100.00	Mauritius	KSVP	100.00	100.00
KSK Power Holdings Limited ('KPHL')	Investment company	100.00	100.00	Mauritius	KEL	100.00	100.00
KSK Energy Company Private Limited ('KECPL')	Investment / Financing company	100.00	100.00	India	KEL	100.00	100.00
KSK Energy Ventures Limited ('KEVL' or 'KSK India')	Project development Company	68.17	68.30	India	KEL	45.03	45.27
KSK Energy Resources Private Limited ('KERPL')	Technical support services	100.00	100.00	India	KECPL	100.00	100.00
KSK Mineral Resources Private Limited('KMRPL')	Exploration of natural / mineral resources.	100.00	100.00	India	KECPL	100.00	100.00
KSK Investment Advisor Private Limited ('KIAPL')	Assets Management Company	100.00	100.00	India	KECPL	100.00	100.00
KSK Water Infrastructures Private Limited ('KWIPL')	Water supply facility	89.97	100.00	India	KECPL	64.10	100.00
KSK Power Transmission Ventures Private Limited ('KPTVPL')	Power transmission	100.00	100.00	India	KECPL	100.00	100.00
Raigarh Champa Rail Infrastructure Private Limited ('RCRIPL')	Railway facilities	86.30	100.00	India	KECPL	51.00	100.00
SN Nirman Infra Projects Private Limited ('SNNIPPL')	Water supply facility	100.00	100.00	India	KECPL	100.00	100.00
Marudhar Mining Private Limited ('MMPL')	Exploration of natural / mineral resources.	100.00	100.00	India	KECPL	100.00	100.00
KSK Wind Power Aminabhavi Chikodi Private Limited ('KWPACPL')	Power generation	77.73	-	India	KEVL	69.95	-
KSK Vidarbha Power Company Private Limited, ('KVPCPL')	Power generation	68.17	68.30	India	KEVL	100.00	100.00
KSK Narmada Power Company Private Limited ('KNPCPL')	Power generation	68.17	68.30	India	KEVL	100.00	100.00
KSK Wind Energy Private Limited ('KWEPL')	Power generation	68.17	68.30	India	KEVL	100.00	100.00

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Subsidiaries	Principal activities	The Company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		2016	2015			2016	2015
KSK Surya Photovoltaic Venture Limited ('KSPVL')	Power generation	63.57	63.69	India	KEVL	93.23	93.23
KSK Wardha Infrastructure Private Limited ('KWAIPL')	Exploration of natural / mineral resources.	68.17	68.30	India	KEVL	100.00	100.00
KSK Dibbin Hydro Power Private Limited ('KDHPPL')	Power generation	47.72	55.33	India	KEVL	70.00	81.01
Kameng Dam Hydro Power Limited ('KDHPL')	Power generation	68.17	68.30	India	KEVL	100.00	100.00
KSK Upper Subansiri Hydro Energy Limited ('KUSHEL')	Power generation	68.17	68.30	India	KEVL	100.00	100.00
KSK Jameri Hydro Power Private Limited ('KJHPPL')	Power generation	68.17	68.30	India	KEVL	100.00	100.00
KSK Dinchang Power Company Private Limited ('KDPCPL')	Power generation	68.17	68.30	India	KEVL	100.00	100.00
Tila Karnali Hydro Electric Company Private Limited ('TKHECPL')	Power generation	54.54	54.64	Nepal	KEVL	80.00	80.00
Bheri Hydro Power Company Private Limited ('BHPCPL')	Power generation	67.49	61.47	Nepal	KEVL	99.00	90.00
KSK Mahanadi Power Company Limited ('KMPCL')	Power generation	72.05	71.24	India	KEVL	77.54	79.14
KSK Electricity Financing India Private Limited ('KEFIPL')	Investment / Financing company	68.17	68.30	India	KEVL	100.00	100.00
Sai Regency Power Corporation Private Limited ('SRPCPL')	Power generation	54.33	54.44	India	KEFIPL	73.92	73.92
Sai Lilagar Power Limited ('SLPL') (formerly Arasmeta Captive Power Company Limited('ACPCL'))	Power generation	68.17	68.30	India	KEFIPL	100.00	100.00
VS Lignite Power Private Limited ('VSLPPL')	Power generation	57.09	57.20	India	KEFIPL	83.75	83.75
Sai Wardha Power Limited ('SWPL')	Power generation	59.31	59.42	India	KEFIPL	74.00	74.00
Global Coal Sourcing Plc (GCSP) (formerly KSK Green Power plc ('KGPP'))	Coal sourcing company	68.17	-	Isle of Man	SLPL	100.00	-
Sai Power Pte Ltd ('SPPL')	Coal sourcing company	72.05	71.24	Singapore	KMPCL	100.00	100.00
Sai Maithili Power Company Private Limited ('SMPCPL')	Power generation	68.94	69.03	India	VSLPPL	52.00	52.00
Field Mining and Ispats Limited ('FMIL')	Exploration of natural / mineral resources.	50.40	50.51	India	SWPL	84.98	84.98

(b) Joint operation

Joint operation	Venturer	Principal place of business	% shareholding	
			2016	2015
Sitapuram Power Limited ('SPL')	KEFIPL	India	49.00	49.00
J R Power Gen Private Limited ('JRPGPL')[1]	KEVL	India	51.00	51.00

[1] As of 31 March 2016, the Group hold 99.87 (2015: 99.87) percent of the outstanding share capital of JRPGPL. The contractual arrangement requires both the parties to maintain the shareholding ratio in proportion of 51:49 percentages. Therefore the holding in excess of 51% i.e. the additional 48.87% is treated as held temporarily. Any consequent change to reflect the 99.87 (2015: 99.87) percent holding shall be subsequent to finality of legal proceedings.

2. Changes in accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards as of 1 April 2015, noted below:

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2015.

- **IFRIC 21 Levies :** IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

- **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions:** IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 February 2015. This amendment has no impact on the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

- **Annual Improvements 2010-2012 Cycle :** In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 February 2015, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

- **Annual Improvements 2011-2013 Cycle :** In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2015, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

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3. Standards and interpretations not yet applied

At the date of authorisation of these Consolidatedfinancial statements, the following Standards and relevant interpretations, which have not been applied in these Consolidated financial statements, were in issue but not yet effective (and some of which were pending endorsement by the EU)

Standard	Description	Effective for in reporting years starting on or after
IFRS 14	Regulatory Deferral accounts	1 January 2016
IFRS 11	Accounting for acquisition of interest in Joint Operations (Amendments)	1 January 2016
IAS 16 & IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments)	1 January 2016
IAS16 & IAS 41	Agriculture: Bearer Plants	1 January 2016
IAS 27	Equity method in Separate Financial Statements (Amendments)	1 January 2016
IFRS 10 & IAS 28	Sale or contribution of Assets between an investor and its Associates or joint Venture (Amendments)	1 January 2016
	Annual improvement to IFRSs 2012 - 2014Cycle- various standards	1 January 2016
IFRS 10, IFRS 12, IAS 28	Investment Entities : Applying the Consolidation Exception (Amendments)	1 January 2016
IAS 1	Disclosure initiative (Amendments)	1 January 2016
IAS 7	Disclosure initiative (Amendments)	1 January 2017
IAS 12	Recognition of deferred tax asset for unrealized losses	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 9	Financial instruments	1 January 2018
IFRS 16	Leases	1 January 2019

The Group has yet to assess the impact of above standards on the Consolidated financial statements. However the management does not intend to apply any of these pronouncements early.

4. Summary of significant accounting policies

4.1. Basis of consolidation

The Consolidated financial statements incorporate the financial information of KSK Power Ventur plc, its subsidiaries and joint operations for the year ended 31 March 2016.

A subsidiary is defined as an entity controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

The financial statements of the subsidiaries are prepared using same reporting period as the Company, using consistent accounting policies.

All intra-group balances, income and expenses and any resulting unrealised gains / (losses) arising from intra-group transactions are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4.2. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

If the business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through income statement.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in income statement.

Goodwill is carried at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

4.3. Interest in joint arrangements

A Joint arrangement is an arrangement of which two or more parties have joint control. Joint control is considered when there is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the nature of its joint arrangement and determined them to be joint operations.

In relation to its interest in a joint operation, the Group recognises its share of each of the assets, liabilities, income and expenses of the joint venture with similar items in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as that of the parent company. Adjustments are made where it is necessary to bring the accounting policies in-line with those of the Group.

Adjustments are made in the Group's Consolidated financial statements to eliminate the Group's share of intra-group balances, income and expenses and unrealised gains and losses on transactions between the Group and its joint operations. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an

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impairment loss. The joint operation is consolidated until the date on which the Group ceases to have joint control over the joint operation.

4.4. Non-current assets held-for-sale

Non-current assets and disposal groups classified as held-for-sale are measured at lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuous use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management is committed to the sale, which should be expected to qualify for recognition as a completed sale generally within one year from the date of classification.

Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

4.5. Foreign currency translation

The functional currency of the Company and its subsidiaries in Mauritius is the Pound Sterling ('£'). Each entity in the Group determines its own functional currency and items included in the financial statement of each are measured using that functional currency. However, given the rising trend towards globalisation, the Group has selected US $ as the presentation currency as submitted to the London Stock Exchange where the shares of the Company are listed.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currency at the foreign exchange rate ruling at that date. Differences arising on settlement or translation of monetary items are recognised in finance income or costs within the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to functional currency at foreign exchange rates ruling at the dates the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

At the reporting date the assets and liabilities of the Group and Company are translated into the presentation currency which is US $ at the rate of exchange ruling at the reporting date and the income statement is translated at the average exchange rate for the year. Any differences arising from this procedure have been charged/ credited to the foreign currency translation reserve in other comprehensive income.

4.6. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in accordance with the relevant agreements, net of discounts, rebates and other applicable taxes and duties.

Sale of electricity

Revenue from the sale of electricity is recognised when earned on the basis of contractual arrangement with the customers and reflects the value of units supplied including an estimated value of units supplied to the customers between the date of their last meter reading and year end. Further, claim towards tariff adjustments and taxes are recognised in accordance with the specific provision of change in law specified under the power purchase agreement with respective customers.

Rendering of services

The Group provides project development, corporate support and fund management services. Revenue from rendering of services is recognised in income statement in the period in which the services are rendered by reference to the stage of completion of the transaction at the reporting date. The stage of completion is assessed on the basis of the actual services provided as a proportion of the total service to be provided.

Deferred revenue

Non-refundable contributions received from the captive consumers of the Group are recognised as deferred revenue in the Consolidated statement of financial position and transferred to income statement on a systematic and rational basis over life of the term of the relevant agreement.

Interest and dividend income

Revenue from interest is recognised on an accrual basis (using the effective interest rate method). Revenue from dividends is recognised when the right to receive the payment is established.

Insurance Claims are accounted based on certainty of realisation.

Sale of Verified Emission Reductions (VERs) and Certified Emission Reductions (CERs)

Revenue from sale of Verified Emission Reductions (VERs) and Certified Emission Reductions (CERs) is recognised on sale of eligible credits.

4.7. Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Tax relating to items recognised directly in equity is recognised in equity and not in the Consolidated income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint operations, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credit and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint operations, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities, relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.8. Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as:

- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Loans and receivables

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables and quoted and unquoted financial assets.

Subsequent measurement

The subsequent measurement of financial assets is dependent on their classification and it is as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets that are designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with gains or losses recognised in the income statement.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or do not qualify for inclusion in any of the other categories of financial assets. After initial measurement, available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income. Gains and losses arising from financial assets classified as available-for-sale are recognised in income statement only when they are sold or when the investment is impaired. In the case of impairment, any loss previously recognised in equity is transferred to Consolidated income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment, any change in their value is recognised in the income statement. Receivables are considered for impairment on a case-by-case basis when they are past due at the reporting date or when objective evidence is received that a specific counter party will default.

Investment in subsidiaries

In the parent company's financial statements, the investments in subsidiaries are accounted at cost with income from the investment being recognised only to the extent that the parent company receives distributions from accumulated profits of the investee arising after the date of acquisition.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. In case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics.

All impairment losses are recognised in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

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

4.9. Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as

- Fair value through profit or loss
- Other financial liability at amortised cost

The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and other financial liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Consolidated income statement.

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Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at the initial date of recognition, and only if criteria of IAS 39 are satisfied.

Loans and borrowings at amortised cost

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the bond. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Consolidated income statement.

4.10. Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

4.11. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost includes expenditures that are directly attributable to property plant and equipment such as employee cost, borrowing costs for long-term construction projects etc, if recognition criteria are met. Likewise, when a major inspection is performed, its costs are recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repairs and maintenance costs are recognised in income statement as incurred.

The present value of the expected costs of decommissioning of the asset after its use is included in the costs of the respective asset, if the recognition criteria for provision are met.

Depreciation is computed on straight-line basis over the useful life of the asset based on management's estimate as follows:

Nature of asset	Useful life (years)
Buildings	30
Power stations	25
Other plant and equipment	3-7

Assets in the course of construction are stated at cost and not depreciated until commissioned.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Consolidated income statement in the year the asset is derecognised.

Any revaluation surplus is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case, the increase is recognised in the Consolidatedincome statement.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on asset's original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

4.12. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Nature of asset	Useful life (years)
Mining license	20

4.13. Mining assets

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of a mine and the related infrastructure. Once a development decision has been taken, the carrying amount of the exploration and evaluation expenditure in respect of the area of interest is aggregated with the development expenditure and classified under non-current assets as 'development of mineral assets'. A development of mineral assets is reclassified as a 'mining property' at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management. No depreciation is recognised in respect of development properties until they are reclassified as 'Mining property'.

When further development expenditure is incurred in respect of a mining property after the commencement of production, such expenditure is carried forward as part of the mining property when it is probable that additional future economic benefits associated with the expenditure will flow to the consolidated entity. Otherwise such expenditure is classified as a cost of production. Depreciation is charged using the units of production method, with separate calculations being made for each area of interest.The units of production basis results in a depreciation charge proportional to the depletion of proved and probable reserves.

The cost of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it form parts.

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4.14. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessor

Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Finance lease receivables are stated in the statement of financial position at the amount of the net investment in the lease being lower of their fair value and present value of the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease. Finance lease income is allocated to accounting periods so as to give a constant periodic rate of return before tax on the net investment. Unguaranteed residual values are subject to regular review to identify potential impairment.

If there has been a reduction in the estimated unguaranteed residual value, the income allocation is revised and any reduction in respect of amounts accrued is recognised immediately.

Group as a lessee

Operating lease payments are recognised as an expense in the Consolidated income statement on a straight line basis over the lease term.

4.15. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets.

All other borrowing costs including transaction costs are recognised in the income statement in the year in which they are incurred, the amount being determined using the effective interest rate method.

4.16. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the Consolidated income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

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

Goodwill

Goodwill is tested for impairment annually (on 31 March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or Group of cash generating units) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future year.

4.17. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits.

For the purpose of the Consolidated and Company cash flow statement, cash and cash equivalents consist of cash and readily convertible short-term deposits, net of restricted cash and outstanding bank overdrafts.

4.18. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials - purchase cost on a first in, first out basis.
- Stores and spares - purchase cost on a first in, first out basis.

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

4.19. Segment reporting

In identifying its operating segments, management generally follows the Group's service lines, which represent the generation of the power and other related services provided by the Group.

The activities undertaken by the Power generation segment includes sale of power and other related services. The project management of these power plants is undertaken by the service segment. The accounting policies used by the Group for segment reporting are the same as those used for Consolidated financial statements. Further, income, expenses, assets and liabilities which are not directly attributable to the business activities of any operating segment are not allocated.

4.20. Earnings per share

The earnings considered in ascertaining the Group's earnings per share (EPS) comprise the net profit or loss for the year attributable to ordinary equity holders of the parent. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for effects of all dilutive potential equity shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

4.21. Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning and restoration liability

The provision for decommissioning and restoration costs arose on construction of a power plant and development of mines. Decommissioning and restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted using appropriate rates. The unwinding of discount is expensed as incurred and recognised in the income statement as a finance cost.

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Contingent liabilities recognised in a business combination

A contingent liabilities recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

4.22. Employee benefits

Gratuity

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each reporting date using the projected unit credit method. The Group fully contributes all ascertained liabilities to the gratuity fund administered and managed by Life Insurance Corporation of India, a Government of India undertaking which is a qualified insurer.

The Group recognises the net obligation of a defined benefit plan in its statement of financial position as an asset or liability, respectively in accordance with IAS 19, Employee benefits. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense / (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss

Provident fund

Eligible employees of Group receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary and the employer contribution is charged to income statement. The benefits are contributed to the government administered provident fund, which is paid directly to the concerned employee by the fund. The Group has no further obligation to the plan beyond its monthly contributions.

Short- term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid towards bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share based payment

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

5. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The principal accounting policies adopted by the Group in the Consolidated financial statements are as set out above. The application of a number of these policies required the Group to use a variety of estimation techniques and apply judgment to best reflect the substance of underlying transactions.

The Group has determined that a number of its accounting policies can be considered significant, in terms of the management judgment that has been required to determine the various assumptions underpinning their application in the Consolidated financial statements presented which, under different conditions, could lead to material differences in these statements.

The policies where significant estimates and judgments have been made are as follows:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Application of business combination accounting rules, including identification of intangible assets acquired in a business combination:** The Group allocates the purchase price of the acquired companies towards the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The Group engages third-party external appraisal firms to assist in determining the fair values of the acquired assets and liabilities. Such valuation requires the Group to make significant estimate and assumptions, especially with respect to identification and valuation of intangible assets. (refer note 4.2);
- **Estimation of fair value of acquired financial assets and financial liabilities:** When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. (refer note 4.8, 4.9 and 10);
- **Un-collectability of trade receivables:** Analysis of historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. Further recoverability of various claims as per power purchase agreement including change in law claim are subject to adjudicate at appropriate regulatory authorities (refer note 12 and 29(d)(i) to 29(d)(iv)).
- **Impairment tests:** The determination of recoverable amounts of the CGUs assessed in the annual impairment test requires the Group to estimate their fair value net of disposal costs as well as their value-in-use. The assessment of value-in-use requires assumptions to be made with respect to the operating cash flows of the CGUs as well as the discount rates (refer note 4.16 and 9);
- **Estimation of liabilities for decommissioning and restoration costs:** Provisions for decommissioning and restoration costs require assessment of the amounts that the Group will have to pay and assumptions in terms of phasing and discount rate. (refer note 4.21 and 19);
- **Taxes:** Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of assessment by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax assessment and differing interpretations of tax laws by the taxable entity and the responsible tax authority. The Group assesses the probability for litigation and subsequent cash outflow with respect to taxes. (refer note 4.7 and 27);

  Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (refer note 4.7 and 27);

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- **Gratuity benefits:** The cost of defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. (refer note 4.22 and 21) and;
- **Capitalisation of interest expenditure incurred on general borrowing funds used for construction of qualifying assets:** In respect of the general borrowed funds used for constructing a qualifying asset, management determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the average of the borrowing costs applicable to the general borrowings of the Group that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset.
- **Capitalisation of Common infrastructure facilities:** The capitalisation of common infrastructure facilities requires management to make the estimates with the help of internal technical team regarding the portion of common assets which are actually ready for commercial use and portion where the work is yet to be completed. Based on the such estimate, completed portion cost is capitalised as Property Plant and equipment and balance is kept under assets under construction.

Actual results can differ from estimates.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the Consolidated financial statements:

- **Joint control assessment:** The terms of the contractual agreement between the Group and the joint arrangement partners provides that parties to the arrangement have joint control over rights to the assets, and obligations for the liabilities, relating to the arrangement. Accordingly, the Group has assessed the nature of its joint arrangement and determined them to be joint operations. In relation to its interest in a joint operation, the Group recognises its share of each of the assets, liabilities, income and expenses of the joint operation with similar items in its Consolidated financial statements. (refer note 1.6 (b), 4.3 and 7b).
- **Useful lives of depreciable assets:** Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The carrying amounts are analysed in note 8. Actual results, however, may vary due to technical obsolescence, particularly relating to software and information technology equipment (refer note 4.11)
- **Provision:** The Group is currently defending certain lawsuits where the actual outcome may vary from the amount recognised in the financial statements. None of the provisions are discussed here in further details as that might seriously prejudice the Group's position in the related disputes.
- **Going concern basis:** These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable the Group to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 1.5 to Consolidated financial statements.

6. Acquisition and Dilution - change in non-controlling interest without change in control

a. Acquisition and dilution in KSK Energy Ventures Limited

During the previous year ended 31 March 2015, the Group has issued 80,808,080 warrants of face value of Rs. 10 (US $ 0.16) each in KSK Energy Ventures Limited ('KEVL'), an Indian listed subsidiary to KSK Power Holdings Limited ("KPHL") with an option to apply for and be allotted equivalent number of equity shares of the face value of Rs 10 (US $ 0.16) each at a premium of Rs. 89 (US $ 1.45) each on a preferential basis.

Pursuant to above, during the year ended 31 March 2016, KPHL acquired 1,736,580 shares of KSK Energy Ventures Limited ('KEVL'). Further, Group has sold 1,087,511 equity shares to non - controlling interest. Pursuant to this the economic interest of the Group in KEVL has decreased from 68.30 percent to 68.17 percent resulting in a 0.13 percent decrease in Group's controlling interest in subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and accordingly no gain or loss is recognised in the consolidated income statement. An amount of US $ 772 by which the non-controlling interest is adjusted and debited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the Company.

b. Acquisition in KSK Mahanadi Power Company Limited

During the year ended 31 March 2016, the Group has issued additional 112,000,000 equity shares in KSK Mahanadi Power Company Limited ("KMPCL") to KSK Energy Ventures Limited ("KEVL") and 273,330,000 equity shares to KSK Energy Company Private Limited ("KECPL") at a face value of Rs 10 (US $ 0.16) at par and 137,662,943 equity shares in KMPCL held by KSK Energy Limited ("KEL") has been transferred to KEVL.

Pursuant to above, the economic interest of the Group in KMPCL increased by 0.81 percent in a subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the Consolidated income statement. Pursuant to this an amount of US $ 259 by which the non controlling interest is adjusted, is credited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the company.

c. Dilution in KSK Dibbin Hydro Power Private Limited

During the year ended 31 March 2016, the Group has issued additional 12,650,000 equity shares in KSK Dibbin Hydro Power Private Limited ("KDHPPL") to North Eastern Electric Power Corporation Limited (NEEPCO) at face value of Rs 10 (US $ 0.16) each.

Pursuant to above, the economic interest of the Group in KDHPPL decreased from 55.33 percent to 47.72 percent resulting in 7.61 percent decrease in Group's controlling interest in a subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the consolidated income statement. The difference of US $ 137 between the fair value of the net consideration received (US $ 1,931) and the amount by which the non-controlling interest are adjusted (US $ 1,794), is credited to 'Other reserve' within consolidated statement of changes in equity and attributed to the owners of the company.

d. Dilution of KSK Wind Power Aminabhavi Chikodi Private Limited

During the year ended 31 March 2016 , the Group has transferred 1,800,000 equity shares of Rs 10/- each (US $ 0.16) in KSK Wind Power Aminabhavi Chikodi Private Limited ("KWPACPL") held by KSK Green Energy Pte Limited ("KGEPL") to KSK Energy Ventures Limited ("KEVL") at a face value of Rs 10 (US $ 0.16) at premium of Rs 90 (US $ 1.37) each per share.

Pursuant to above, the economic interest of the Group in KWPACPL decreased from 100 percent to 77.73 percent resulting in a 22.27 percent decrease in Group's controlling interest in a subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the consolidated income statement. Pursuant to this an amount of US $ 266 is debited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the company.

e. Dilution in Raigarh Champa Rail Infrastructure Private Limited

During the year ended 31 March 2016, the Group has transferred 65,018,090 equity shares of Rs 10 (US $ 0.16) at par in Raigarh Champa Rail Infrastructure Private Limited ("RCRIPL") held by KSK Energy Company Private Limited ("KECPL") to KSK Mahanadi Power Company Limited ("KMPCL")

Pursuant to above, the economic interest of the Group in RCRIPL decreased by 13.70 percent in a subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the consolidated income statement. Pursuant to this an amount of US $ 269 by which the non-controlling interest is adjusted debited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the company.

f. Dilution of KSK Water Infrastructure Private Limited

During the year ended 31 March 2016 , the Group has transferred 40,277,990 equity shares of Rs 10 (US $ 0.16) at par in KSK Water Infrastructure Private Limited ("KWIPL") held by KSK Energy Company Private Limited ("KECPL") to KSK Mahanadi Power Company Limited ("KMPCL")

Pursuant to above, the economic interest of the Group in KWIPL decreased by 10.03 percent in a subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the Consolidated income statement. Pursuant to this an amount of US $ 156 by which the non-controlling interest is adjusted credited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the company.

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7. Subsidiaries and Joint arrangements

a. Material subsidiaries and non-controlling interest (NCI)

The Group consists of a parent Company, KSK Power Ventur plc, incorporated in the Isle of Man and a number of subsidiaries held directly and indirectly by the Group which operate and are incorporated predominantly in India. Note 1.6 to the Consolidatedfinancial statements lists details of the interests in the subsidiaries.

Non-controlling interests that are material to the Group relate to Sai Wardha Power Limited ('SWPL'), VS Lignite Power Private Limited ('VSLPPL'), Sai Regency Power Corporation Private Limited ('SRPCPL'), and KSK Mahanadi Power Company Limited ('KMPCL').

Name of subsidiary	Principal place of business	Non-controlling interest (%)	
		2016	2015
SWPL	India	40.69	40.58
VSLPPL	India	42.91	42.80
SRPCPL	India	45.67	45.56
KMPCL	India	27.95	28.76

Profit/(loss) attributable to NCI	2016	2015
SWPL	(20,310)	(23,981)
VSLPPL	(8,868)	(1,902)
SRPCPL	2,928	842
KMPCL	3,712	13,756

Equity attributable to NCI	2016	2015
SWPL	(20,114)	(2,406)
VSLPPL	(3,825)	5,221
SRPCPL	27,334	25,781
KMPCL	161,851	154,382

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

2016	SWPL	VSLPPL	SRPCPL	KMPCL
Non-current assets	478,763	133,539	82,919	2,452,335
Current assets	69,060	18,752	31,273	571,475
Non-current liabilities	369,347	104,473	36,443	1,894,938
Current liabilities	227,909	56,732	17,897	549,800
Net assets	**(49,433)**	**(8,914)**	**59,852**	**579,072**
Carrying amount of NCI	(20,114)	(3,825)	27,334	161,851
Revenue	118,254	29,131	34,644	474,548
(Loss) / profit for the year	(49,915)	(20,667)	6,411	13,281
Other comprehensive income (OCI)	802	(445)	(3,147)	(29,828)
Total comprehensive income	(49,113)	(21,112)	3,264	(16,547)
(Loss) / profit attributable to NCI	(20,310)	(8,868)	2,928	3,712
OCI attributable to NCI	326	(191)	(1,437)	(8,337)
Cash flow from operating activities	34,486	6,379	11,893	79,476
Cash flow from investing activities	1,811	(2,051)	(530)	(79,022)
Cash flow from financing activities	(37,638)	(3,923)	(11,406)	(30,407)
Net increase / (decrease) in cash and cash equivalents	(1,341)	405	(43)	(29,953)

2015	SWPL	VSLPPL	SRPCPL	KMPCL
Non-current assets	500,345	126,258	87,895	2,452,913
Current assets	90,918	31,492	30,904	348,838
Non-current liabilities	388,406	95,890	44,098	1,925,704
Current liabilities	208,786	49,661	18,113	339,253
Net assets	**(5,929)**	**12,199**	**56,588**	**536,794**
Carrying amount of NCI	(2,406)	5,221	25,781	154,382
Revenue	90,584	38,123	33,182	202,450
(Loss) / profit for the year	(74,039)	(5,873)	2,601	46,886
Other comprehensive (loss) / income	(1,344)	(482)	(2,605)	(22,280)
Total comprehensive (loss) / income	(75,383)	(6,355)	(4)	24,606
(Loss) / profit attributable to NCI	(23,981)	(1,902)	842	13,756
OCI attributable to NCI	(435)	(156)	(844)	(6,537)
Cash flow from operating activities	(7,243)	12,710	14,743	39,767
Cash flow from investing activities	21,684	(347)	(28,859)	(227,252)
Cash flow from financing activities	(16,674)	(13,150)	13,918	186,690
Net decrease in cash and cash equivalents	(2,233)	(787)	(198)	(795)

b. Joint arrangements

The Group has entered into a joint arrangement through a separate legal entity called the Sitapuram Power Limited (SPL). SPL is engaged in the business of generation and sale of electricity in India. The Group has a 49% participating interest in the arrangement. As per the contractual terms of the agreement, the Group and other venturer jointly control the operation of SPL and has a direct share in all of the assets employed by the arrangement and is liable for its share of the liabilities incurred. The Group has therefore classified this arrangement as a joint operation and included its interests in the assets, liabilities, revenue and expenses in the appropriate line items in the Consolidated financial statement, in accordance with the accounting policy.

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The Group has entered into a joint arrangement through a separate legal entity called the JR Power Gen Private Limited (JRPL). JR Power Gen Private Limited is engaged in the business of generation and sale of electricity in India. The Group has a 51% participating interest in the arrangement. As per the contractual terms of the agreement, the Group and other venturer jointly control the operation of JRPL and has a direct share in all of the assets employed by the arrangement and is liable for its share of the liabilities incurred. The Group has therefore classified this arrangement as a joint operation and included its interests in the assets, liabilities, revenue and expenses in the appropriate line items in the Consolidated financial statement, in accordance with the accounting policy.

8. Property, plant and equipment, net

The property, plant and equipment of the Group comprise:

	Land and buildings	Power stations	Mining property	Other plant and equipment	Assets under construction	Total
Cost						
As at 1 April 2014	264,826	1,234,588	7,763	9,425	1,823,459	3,340,061
Additions	1,247	31	5,424	663	410,054	417,419
Business Combination	11,081	60,017	-	31	16	71,145
Transfer	173,733	1,009,392	-	-	(1,183,125)	-
Disposals/adjustments	(7,316)	(40,752)	-	(585)	(2,367)	(51,020)
Exchange difference	(11,896)	(55,463)	(348)	(423)	(87,014)	(155,144)
As at 31 March 2015	**431,675**	**2,207,813**	**12,839**	**9,111**	**961,023**	**3,622,461**
As at 1 April 2015	431,675	2,207,813	12,839	9,111	961,023	3,622,461
Additions	12,912	1,888	-	694	177,816	193,310
Impaired (Refer note 23(a))	-	-	-	-	(3,874)	(3,874)
Transfer	14,957	39,346	-	-	(54,303)	-
Disposals/adjustments	(135)	(256)	-	(212)	-	(603)
Exchange difference	(23,305)	(119,196)	(693)	(491)	(50,416)	(194,101)
As at 31 March 2016	**436,104**	**2,129,595**	**12,146**	**9,102**	**1,030,246**	**3,617,193**
Depreciation						
As at 1 April 2014	17,213	99,280	1,873	6,413	-	124,779
Additions	7,433	49,495	477	1,192	-	58,597
Disposals / adjustments	(1,358)	(8,955)	-	(505)	-	(10,818)
Exchange difference	(951)	(5,647)	(96)	(317)	-	(7,011)
As at 31 March 2015	**22,337**	**134,173**	**2,254**	**6,783**	**-**	**165,547**
As at 1 April 2015	22,337	134,173	2,254	6,783	-	165,547
Additions	12,054	77,308	607	972	-	90,941
Disposals / adjustments	(17)	(61)	-	(179)	-	(257)
Exchange difference	(1,343)	(8,121)	(129)	(377)	-	(9,970)
As at 31 March 2016	**33,031**	**203,299**	**2,732**	**7,199**	**-**	**246,261**
Net book value						
As at 31 March 2016	**403,073**	**1,926,296**	**9,414**	**1,903**	**1,030,246**	**3,370,932**
As at 31 March 2015	**409,338**	**2,073,640**	**10,585**	**2,328**	**961,023**	**3,456,914**

KMPCL continued its assessment of capitalisation with respect to the second 600 MW unit with capability to commence commercial production depending on grant of Open Access by Power Grid Corporation of India Limited. With receipt of Open Access for commencement of supplies to TANGEDCO effective 1 August, 2015 (though partially) capitalisation of costs with respect to the second 600 MW is continued until such date of power grid access and starting 1 August 2015 costs are charged off to the Income Statement.

Property, plant and equipment with a carrying amount of US $ 3,228,057 (2015: US $ 3,292,520) is subject to security restrictions (refer note 16).

9. Intangible assets and goodwill

	Mining license	Goodwill	Total
Cost			
As at 1 April 2014	2,634	18,026	20,660
Disposals	-	(7,015)	(7,015)
Exchange difference	(118)	(810)	(928)
As at 31 March 2015	**2,516**	**10,201**	**12,717**
As at 1 April 2015	**2,516**	**10,201**	**12,717**
Impaired (Refer note 23(a))	-	(22)	(22)
Exchange difference	(136)	(551)	(687)
As at 31 March 2016	**2,380**	**9,628**	**12,008**
Amortisation			
As at 1 April 2014	415	-	415
Additions	136	-	136
Exchange difference	(22)	-	(22)
As at 31 March 2015	**529**	**-**	**529**
As at 1 April 2015	**529**	**-**	**529**
Additions	127	-	127
Exchange difference	(30)	-	(30)
As at 31 March 2016	**626**	**-**	**626**
Net book value			
As at 31 March 2016	**1,754**	**9,628**	**11,382**
As at 31 March 2015	**1,987**	**10,201**	**12,188**

The goodwill acquired through business combinations have been allocated to the following cash generating units of the Group, for impairment testing as follows:

	2016	2015
J R Power Gen Private Limited	-	22
Sai Wardha Power Limited	3,542	3,745
Sitapuram Power Limited	4,991	5,276
Sai Regency Power Corporation Private Limited	1,095	1,158
Total	**9,628**	**10,201**

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The recoverable amount of the cash generating unit at 31 March 2016 was determined using estimated fair value in use.

The calculation was based on a discounted cash flow valuation over five years for each of the power stations, using available market information to reflect the amount that the Group estimates that it could have obtained, at the reporting date. The management estimates that a decrease in growth rate by 3% and increase in discount rate by 9-10% would result in aggregate carrying amount of the CGU exceeding the recoverable amount of the CGU approximately by US $ 8,373. The management believes that any reasonable possible change in the other key assumptions on which recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Key assumptions used in value-in-use calculations:

The calculation of value-in-use for the cash generating units is most sensitive to the following key assumptions:

- electricity prices;
- projected output;
- fuel costs;
- other operating costs and investment;
- growth and discount rates

The Group's approach in determining the key assumptions was as follows:

- Electricity prices were based on contracted prices for electricity. Projected output was based on expected levels of output over the expected operating lives of the power stations using the Group's own engineering projections which considered historical performance, plant degradation, plant maintenance activity and investment, and allowances for scheduled timings of outages.
- Fuel costs were based on contracted and projected commodity prices, for coal and gas fuel, and using the Group's own engineering projections for consumption having considered historical consumption data and projected plant performance.
- Other operating costs and investment was estimated using the Group's own engineering projections, where relevant, and having considered historical performance, plant degradation, plant maintenance activity and investment. The estimates of other operating costs and investment used in the discounted cash flow projection were consistent with those used in the Group's three year business plan. In subsequent periods the growth rate applied to other operating costs fully reflects the expected operating lives of the power stations.
- Growth rates are based on published industry research. The discount rate reflects the current market assessment of the risks specific to the cash generating units. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry.

The following growth and discount rates have been considered for the purpose of the impairment testing:

	2016	2015
Growth rate	3.00%	3.00%
Discount rate (pre tax)	11.69%	12.15%

With regard to the assessment of value of the cash generating unit, the Group is of the opinion that based on current knowledge; reasonably possible changes in any of the above key assumptions would not cause the carrying value to exceed the recoverable amount.

10. Investments and other financial assets

	Consolidated		Company	
	2016	2015	2016	2015
Current				
Financial assets at fair value through profit or loss				
- held-for-trading	5,177	2,589	-	-
Loans and receivables	44,446	28,724	-	27
	49,623	**31,313**	**-**	**27**
Non-current				
Financial assets at fair value through profit or loss				
- Derivative assets	45,872	49,702	-	-
Available-for-sale investments (Refer note 29(d)(vi))	17,938	19,155	-	-
Deposit with banks	4,994	8,102	-	-
Loans and receivables	30,523	37,688	-	5,100
Loans to and receivables from Joint Venture partner	1,501	15,844	-	-
Loans to and receivable from subsidiaries	-	-	155,978	171,676
Investment in subsidiaries	-	-	226,842	227,126
	100,828	**130,491**	**382,820**	**403,902**
Total	**150,451**	**161,804**	**382,820**	**403,929**

Financial assets at fair value through profit or loss

The Group has invested into short-term mutual fund units and equity securities in various companies being quoted on Indian stock market which are designated as held for trading. The fair value of the mutual fund units and equity securities are determined by reference to published data.

Available-for-sale investment

The Group has investments in listed equity securities of various companies being quoted on the Indian and London stock markets respectively. The fair value of the quoted equity shares are determined by reference to published data. The Group also holds non-controlling interest (1%-25%) in unlisted entities which are in the business of power generation and allied projects. The Group designated these quoted and unquoted equity shares as available-for-sale investment in accordance with the documented investment strategy of the Group to manage and evaluate performance of the equity shares on fair value basis. The fair value of unquoted ordinary shares has been estimated using a relative valuation using price earnings ratio / book value method. The valuation requires management to make certain assumptions about the inputs including size and liquidity.

Deposit with banks

This represents the deposits with the bank with the maturity term of more than twelve months from the reporting date.

Derivative assets

A derivative asset includes currency option contracts and currency forward contracts carried at fair value. Fair value of currency option is determined by independent valuer which is the counterparty in the contracts. Fair value of currency forward is determined by mark to market value of forward on the date of financial position.

Loans and receivables

This primarily includes inter-corporate deposits of US $ 9,313 (2015: US $ 7,852), deferred loan origination costs US $ 2,496 (2015: US $ Nil), security deposit US $ 54,925 (2015: US $ 40,809), advance for investments US $ 1,603 (2015: US $ 2,492)and other financial assets US $ 6,632 (2015: US $ 15,259).

Loans to and receivables from Joint Venture partner

This primarily includes the investment in debentures in the joint operations, inter corporate deposit to joint operations and redeemable preference share capital held in the joint operations.

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Loans to and receivable from subsidiaries

Loans to and receivable from subsidiary represents inter-corporate deposits given by the Company to its wholly owned subsidiaries.

Investment in subsidiaries

Investment primarily includes unquoted investments in subsidiaries in the Company financial statements. The Company has invested in 139,244,601 equity shares (2015: 139,244,601) in KEL, 12,000 equity shares (2015: 12,000) in KASL, Nil equity shares (2015: 100,000,000) in GCSP (formerly KGPP), 84,146,843 equity shares (2015: 84,146,843) in KGEPL and 1 equity share (2015: 1) in KSVP totalling to US $ 226,842 (2015: US $ 227,126).

Investment and other financial assets amounting to US $ 99,593 (2015: US $ 113,076) for the Group is subject to security restrictions (refer note 16).

Impairment of financial assets

During the year ended 31 March 2016, the Group's available-for-sale financial asset of US $ 170 (2015: US $ 693) and loans and receivable of US $ 16,481 (2015: US $ 25,095) were collectively impaired (Refer note 23(a)).

During the year ended 31 March 2016, the Company's loans and receivable of US $ 912 (2015: US $ Nil) were collectively impaired and written off.

11. Other assets

	Consolidated		Company	
	2016	2015	2016	2015
Current				
Advance to suppliers	32,882	27,591	-	-
Prepayments	6,005	7,577	108	320
Income tax receivable	4,907	3,587	-	-
Other receivables (Refer note 29(d) (vii))	42,076	1,704	-	-
	85,870	**40,459**	**108**	**320**
Non-current				
Development of mineral assets	-	41,231	-	-
Prepayments	26,216	28,320	-	-
Income tax receivable	9,902	12,245	-	-
Other receivables (Refer note 29(d) (viii))	16,502	20,850	-	-
	52,620	**102,646**	**-**	**-**
Total	**138,490**	**143,105**	**108**	**320**

12. Trade and other receivables

	2016	2015
Current		
Trade receivables (Refer note 29(d)(i) to 29(d)(iv)) [1]	356,764	143,433
Interest accrued	10,375	10,779
	367,139	**154,212**
Non-current		
Trade receivables (Refer note 29(d)(i) to 29(d)(iv))	2,027	1,983
Interest accrued	566	862
	2,593	**2,845**
Total	**369,732**	**157,057**

[1] Includes unbilled revenue of US $ 61,807 (2015:US $ 627)

Trade receivables are non-interest bearing and are generally due within 7-30 days terms. Trade receivable of US $ 358,791 (2015: US $ 145,416) have been pledged as security for borrowings (refer note 16). During the year ended 31 March 2016, trade and other receivables of an initial value of US $ 8,871 (2015: US $ 3,555) were impaired.

The movement in the allowances for impairment in respect of trade and other receivable during the year was as follows:

	2016	2015
Opening balance	5,112	5,918
Impairment loss recognised	8,871	3,555
Amount written off	(2,828)	(4,108)
Exchange difference	(346)	(253)
Closing balance	**10,810**	**5,112**

The age analysis of the overdue (net) trade receivables is as follows:

	Total	Neither past due	Past due but not impaired		
		nor impaired	< 90 days	90-180 days	> 180 days
2016	358,791	124,446	124,859	35,577	73,909
2015	145,416	66,444	34,250	1,644	43,078

Trade receivables disclosed above include amounts which are past due at the reporting date and are still considered recoverable since, there has not been a significant change in credit quality.

13. Inventories

	2016	2015
Fuel (at cost)	14,353	13,983
Stores and spares (at cost)	24,340	18,260
Others	198	210
Total	**38,891**	**32,453**

Inventory of US $ 38,891 (2015: US $ 32,453) for the Group is subject to security restrictions (refer note 16).

14. Cash and short-term deposits

Cash and short-term deposits comprise of the following:

	Consolidated		Company	
	2016	2015	2016	2015
Cash at banks and on hand	16,022	40,730	1,194	1,065
Short-term deposits	106,778	157,266	-	-
Total	**122,800**	**197,996**	**1,194**	**1,065**

Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group.

The Group has pledged its short-term deposits amounting US $ 106,739 (2015: US $ 157,239) in order to fulfil collateral requirements (refer note 16).

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For the purpose of cash flow statement, cash and cash equivalent comprise:

	Consolidated		Company	
	2016	2015	2016	2015
Cash at banks and on hand	16,022	40,730	1,194	1,065
Short-term deposits	106,778	157,266	-	-
Total	**122,800**	**197,996**	**1,194**	**1,065**
Less: Restricted cash[1]	(106,776)	(157,263)	-	-
Cash and cash equivalent	**16,024**	**40,733**	**1,194**	**1,065**

[1]Include deposits pledged for availing credit facilities from banks and deposits with maturity term of three months to twelve months.

15.Issued share capital

Share capital

The Company presently has only one class of ordinary shares. For all matters submitted to vote in the shareholders meeting, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

The Company has an authorised share capital of 500,000,000 equity shares (2015: 500,000,000) at par value of US $ 0.002 (£ 0.001) per share amounting to US $ 998.The issued and fully paid up number of shares of the Company is 175,308,600 (2015: 175,308,600). During the year Company has not issued/ bought back any ordinary share.

Share application money represents amount received from investors / parents pending allotment of ordinary shares.

Reserves

Share premium represents the amount received by the Group over and above the par value of shares issued. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax consequences.

Revaluation reserve comprises gains and losses due to the revaluation of previously held interest of the assets acquired in a business combination.

Foreign currency translation reserve is used to record the exchange difference arising from the translation of the financial statements of the Group entities and the same is not distributable.

Capital redemption reserve represents statutory reserve required to be maintained under local law of India on account of redemption of capital. The reserve is credited equivalent to amount of capital redeemed by debiting retained earnings and the same is not distributable.

Other reserve represents the difference between the consideration paid and the adjustment to net assets on change of controlling interest, without change in control and the excess of the fair value of share issued in business combination over the par value of such shares. Any transaction costs associated with the issuing of shares by the subsidiaries are deducted from other reserves, net of any related income tax consequences. Further, it also includes the loss / gain on fair valuation of available-for-sale financial instruments and re-measurement of defined benefit liability net of taxes and the same is not distributable.

Retained earnings mainly represent all current and prior year results as disclosed in the consolidated income statement and consolidated other comprehensive income less dividend distribution.

16. Loans and borrowings

The loans and borrowings comprise of the following:

	Interest rate (range %)	Final Maturity	Consolidated 2016	Consolidated 2015	Company 2016	Company 2015
Long-term "project finance" loans	2.78 to 16.75	June-2031	2,793,569	2,760,503	-	-
Short-term loans	0.00 to 24.00	March-2017	158,762	168,273	80,798	64,564
Buyers' credit facility	0.87 to 3.02	March-2017	138,614	148,687	35,000	49,681
Cash credit and other working capital facilities	11.95 to 14.11	March-2017	194,255	111,305	-	-
Redeemable preference shares	0.01	January-2029	5,817	11,564	-	-
Debentures	0.01 to 17.00	March-2025	32,785	44,217	-	-
Total			**3,323,802**	**3,244,549**	**115,798**	**114,245**

Total debt of US $ 3,323,802 (2015: US $ 3,244,549) comprised:

- Long-term "project finance" loans of the Group amounting US $ 2,793,569 (2015: US $ 2,760,503) is fully secured on the property, plant and equipment and other assets of subsidiaries and joint operations that operate power stations, allied services and by a pledge over the promoter's shareholding in equity and preference capital of some of the subsidiaries and joint operations and corporate guarantee provided by the Company.
- The short term loans taken by the Group are secured by the corporate guarantee provided by the Company, fixed deposits of the Group and by pledge of shares held in the respective entities.
- Buyer's credit facility is secured against property, plant and equipment and other assets on pari-passu basis, pledge of fixed deposits and corporate guarantee of KEVL. These loans bear interest at LIBOR plus 25 to 300 basis points.
- A number of the facilities that are due to expire at 31 March 2017 are in the process of being extended and have a rollover clause in a number of cases.
- Cash credit and other working capital facilities are fully secured against property, plant and equipment and other assets on pari-passu basis with other lenders of the respective entities availing the loan facilities.
- Redeemable preference shares are due for repayment within 13 years.
- Debentures are secured on the property, plant and equipment and other assets of subsidiaries that operate power stations, allied services and by a pledge over the promoter's shareholding in equity capital of some of the subsidiaries.

Long-term "project finance" loan contains certain restrictive covenants for the benefit of the facility providers and primarily requires the Group to maintain specified levels of certain financial ratios and operating results. The terms of the other borrowings arrangements also contain certain restrictive covenants primarily requiring the Group to maintain certain financial ratios. As of 31 March 2016, the Group has complied with the relevant significant covenants, while there are few financial ratio which are not met and management is in discussion with the lenders for addressing the same. However, these does not have any significant impact on the Group.

As at 31 March 2016, the Group has available US $ 969,740 of undrawn long term committed borrowing facilities.

The fair value of borrowings at 31 March 2016 was US $ 3,323,802(2015: US $ 3,244,549). The fair values have been calculated by discounting cash flows at prevailing interest rates.

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The interest-bearing loans and borrowings mature as follows:

	Consolidated		Company	
	2016	**2015**	**2016**	**2015**
Current liabilities				
Amounts falling due within one year	623,600	521,953	115,798	114,245
Non-current liabilities				
Amounts falling due after more than one year but not more than five years	925,489	1,087,518	-	-
Amounts falling due in more than five years	1,774,713	1,635,078	-	-
Total	**3,323,802**	**3,244,549**	**115,798**	**114,245**

17. Other financial liabilities

	2016	**2015**
Current		
Option premium payable	5,469	5,506
Foreign exchange forward contracts	629	453
	6,098	**5,959**
Non-Current		
Option premium payable	17,065	22,099
Interest rate swaps	6,174	4,763
	23,239	**26,862**
Total	**29,337**	**32,821**

18. Trade and other payables

	Consolidated		Company	
	2016	**2015**	**2016**	**2015**
Current				
Trade payable	161,884	90,306	1,473	1,372
Other payable	210,843	196,650	-	-
Interest payable	120,372	82,634	30	-
	493,099	**369,590**	**1,503**	**1,372**
Non-current				
Trade payable	1,034	32,642	-	-
Interest payable	11,254	-	-	-
Other payable	18,208	14,939	-	-
	30,496	**47,581**	**-**	**-**
Total	**523,595**	**417,171**	**1,503**	**1,372**

- Trade payables are non-interest bearing and are normally settled on 45 days terms.
- Non-current trade payables are non-interest bearing and will be settled in 1-7 years.
- Current interest payable is normally settled monthly throughout the financial year.
- Other payable mainly includes payable against acquisition of capital asset.

19. Provisions

	Decommissioning and restoration costs	Contingent liability	Total
Non-current			
As at 1 April 2014	2,494	-	2,494
Business combination	(170)	819	649
Unwinding of discount	183	-	183
Exchange difference	(116)	-	(116)
As at 31 March 2015	**2,391**	**819**	**3,210**
As at 1 April 2015	2,391	819	3,210
Change in cost	5,261	-	5,261
Unwinding of discount	578	-	578
Exchange difference	(136)	(45)	(181)
As at 31 March 2016	**8,094**	**774**	**8,868**

A provision has been recognised for decommissioning and restoration costs associated with construction of a power plant. The unwinding of the discount on the decommissioning provision is included as a finance costs and the discount rate assumed is 7.5% (2015: 7.5%).

20. Deferred revenue

	2016	2015
Opening balance	**3,134**	**5,714**
Transferred to the revenue	(86)	(2,269)
Transferred to the other operating income	(115)	(111)
Exchange difference	(166)	(200)
Closing balance	**2,767**	**3,134**
Current	211	310
Non-current	2,556	2,824
	2,767	**3,134**

Deferred revenue represents:

- Contributions from captive consumers of SWPL, towards preference shares which are redeemable at Rs 1/- at the end of tenure of agreement
- Contributions from captive consumers of SRPCPL towards security deposit adjustable over the period as per the terms of the relevant agreement.

Captive Consumers are the consumers who, subject to availability of necessary open access, purchase power of more than 51% in aggregate from a dedicated facility, where the Group have entered into a long term supply contract.

The amounts received are in the nature of non-refundable contribution which has been recognised as deferred revenue in the Consolidated statement of financial position and transferred to the Consolidated income statement on a systematic and rational basis over the term of the relevant agreements.

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21. Employee benefit liability

a. Gratuity

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment of amounts that are based on salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.

The following tables summarises the components of net benefit expense recognised in the consolidated income statement and the funded status and amounts recognised in the consolidated statement of financial position for the plan:

A. Net benefit liability

	2016	2015
Defined benefit obligation	2,097	1,713
Fair value of plan assets	(1,152)	(1,093)
Benefit liability[1]	**945**	**620**

B. Changes in the present value of the defined benefit obligation are as follows

	2016	2015
Defined benefit obligation as at the beginning of the year	1,713	1,329
Included in Consolidated income statement		
Current service cost	334	500
Past service cost	-	-
Interest cost	122	102
	456	602
Included in Consolidated other comprehensive income		
Re-measurement loss / (gain)		
Actuarial loss / (gains) on obligation	122	(79)
Exchange differences	(98)	(74)
	24	(153)
Others		
Change in controlling stake	-	41
Benefits paid	(96)	(106)
	(96)	(65)
Defined benefit obligation as at the end of the year	**2,097**	**1,713**

C. Changes in the fair value of plan assets are as follows

	2016	2015
Fair value of plan assets		
Fair value of plan assets beginning of the year	1,093	889
Included in Consolidated Income statement		
Interest income	77	81
	77	81
Included in other comprehensive income		
Re-measurement loss / (gain)		
Return on plan asset (excluding amounts included in net interest expense)	8	15
Exchange differences	(58)	(63)
	(50)	(48)
Others		
Change in controlling stake	-	29
Contributions	128	248
Benefits paid	(96)	(106)
	32	171
Fair value of plan assets end of the year	**1,152**	**1,093**

D. Net defined benefit liability (asset)

	2016	2015
Balance	620	440
Included in Consolidated Income statement		
Current service cost	334	500
Past Service Cost - vested benefits	-	-
Interest cost	45	21
	379	521
Included in Consolidated other comprehensive income		
Re-measurement loss / (gain)		
Actuarial (gains) on obligation	114	(94)
Exchange differences	(40)	(11)
	74	(105)
Others		
Change in controlling stake	-	12
Contributions by employer	(128)	(248)
	(128)	(236)
Defined benefit obligation as at the end of the year	**945**	**620**

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E. The principal assumptions used in determining the obligation towards the Group's plan as shown below:

	2016	2015
Discount rate	7.80%	7.77%
Rate of increase in compensation levels	10.00%	10.00%

[1] Represents net of benefit asset of US $ 112 (2015: US $ 91).

F. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2016	
	Decrease	Increase
Discount Rate (- / + 1% movement)	219	(390)
Salary Growth Rate (- / + 1% movement)	(318)	77

The plan assets comprise debt and equity securities through a scheme of cash contribution for a scheme of insurance taken with Life Insurance Corporation of India ('Insurer'), a Government of India undertaking, which is a qualified insurer. The details of the individual category of investments that comprise of the total plan assets have not been provided by the insurer.

Discount rate: The discount rate of 7.80% (2015: 7.77%) is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Rate of increase in compensation levels: Rate of increase in compensation is expected to be 10% (2015: 10%). The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

b. Defined contribution plan

In addition to the above, eligible employees receive benefits from a provident fund, a defined contribution plan. The employee and the employer make monthly contributions each to the plan at a specified percentage of the covered employees' salary to a Government recognised provident fund upon retirement or separation, an employee becomes entitled for a lump sum benefit, which is paid directly to the concerned employee by the fund. The Group contributed US $ 444 to the provident fund during the year ended 31 March 2016 and US $ 353 during the year ended 31 March 2015.

The Group does not have any further obligation to the provident fund beyond making such contributions.

c. Share based payment

The Group operates share option scheme, where by options is granted to non - executive director at the grant price subject to continuation in office for a period of three years. Grant shares are exercisable within 49 months from the date of grant. Grants are exercisable at the end of each year ending 31 March 2015, 31 March 2016 and 31 March 2017.

Option pricing:

For the purposes of valuing options and awards to arrive at the share based payment charge, the Black-Scholes option pricing model has been used. The assumptions used in the model for the year is as follows

Particular	2016	2015
Risk free interest rate	1.87%	1.87%
Volatility	18.19%	18.19%
Expected lives of options granted	49 months	49 months
Grant date fair value	1.45	1.45
Exercise price	1.30	1.30

Assumptions

- Volatility is determined based on the share price history.
- The fair value of share plan grants take into account market conditions.
- Expected lives of option were determined based on the agreement entered.

The number and weighted average exercise prices of share options

	2016		2015	
	Number	Exercise price	Number	Exercise price
Outstanding at the beginning of the year	350,000	GBP 1.30	350,000	GBP 1.30
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year*	350,000	GBP 1.30	350,000	GBP 1.30
Exercisable at the end of the year	233,333	GBP 1.30	116,667	GBP 1.30

* Weighted average contractual life of the option is 23 months

Options become exercisable after the end of each vesting period (beginning from 1 March 2015 and ending on 31 March 2017) but before the beginning of the next vesting period cycle. The unexercised options are carried forward to the next vesting cycle up to 31 March 2018.

Option exercisable

Particular	Number of shares	Weighted exercise price
As at 31 March 2016	233,333	GBP 1.30
As at 31 March 2015	116,667	GBP 1.30

Total expenses recognised in the income statement for the year ending 31 March 2016 is US $ 47 (2015: US $ 112) arising from share based payment transactions.

Number of shares issued under share option scheme

	2016	2015
Number of shares	350,000	350,000
Nominal value	GBP 0.001	GBP 0.001
Carrying value	GBP 1.30	GBP 1.30
Market value	GBP 0.35	GBP 0.43

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22. Segment information

The Group has adopted the "management approach" in identifying the operating segments as outlined in IFRS 8. Management has analysed the information that the chief operating decision maker reviews and concluded on the segment disclosure.

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- Power generating activities and
- Project development activities

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the Consolidated financial statements. Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. There is only one geographical segment as all the operations and business is carried out in India.

2016	Project development activities	Power generating activities	Reconciling / Elimination activities	Consolidated
Revenue				
External customers	33	674,514	-	674,547
Inter-segment	3,293	-	(3,293)	-
Total revenue	**3,326**	**674,514**	**(3,293)**	**674,547**
Segment operating results	738	161,362	880	162,980
Unallocated operating expenses, net				(2,514)
Finance costs				(296,470)
Finance income				26,336
Loss before tax				**(109,668)**
Tax income				14,064
Loss after tax				**(95,604)**
Segment assets	18,396	4,057,522	(14,031)	4,061,887
Unallocated assets				282,118
Total assets				**4,344,005**
Segment liabilities	2,786	394,420	(14,031)	383,175
Unallocated liabilities				3,545,090
Total liabilities				**3,928,265**
Other segment information				
Depreciation and amortisation	77	90,913	78	91,068
Capital expenditure	4	193,275	31	193,310

2015	Project development activities	Power generating activities	Reconciling / Elimination activities	Consolidated
Revenue				
External customers	105	382,202	-	382,307
Inter-segment	7,010	-	(7,010)	-
Total revenue	**7,115**	**382,202**	**(7,010)**	**382,307**
Segment operating results	5,272	40,792	52	46,116
Unallocated operating expenses, net				(5,552)
Finance costs				(219,810)
Finance income				19,135
Loss before tax				**(160,111)**
Tax income				91,204
Loss after tax				**(68,907)**
Segment assets	9,873	4,005,623	(1,742)	4,013,754
Unallocated assets				275,867
Total assets				**4,289,621**
Segment liabilities	438	320,007	(1,742)	318,703
Unallocated liabilities				3,417,817
Total liabilities				**3,736,520**
Other segment information				
Depreciation and amortisation	126	58,528	79	58,733
Capital expenditure	21	417,194	204	417,419

Notes to segment reporting:

(a) Inter-segment revenues are eliminated on consolidation.

(b) Profit / (loss) for each operating segment does not include finance income and finance costs of US $ 26,336 and US $ 296,470 respectively (2015: US $ 19,135 and US $ 219,810 respectively).

(c) Segment assets do not include deferred tax asset of US $ 141,327 (2015: US $ 128,104), financial assets and other investments US $ 99,923 (2015: US $ 103,263), short-term deposits with bank and cash US $ 8,551 (2015: US $ 15,428), and corporate assets US $ 32,317(2015: US $ 29,072).

(d) Segment liabilities do not include deferred tax US $ 37,596 (2015: US $ 33,777), current tax payable US $ 1,243 (2015: US $ 1,147), interest-bearing current and non-current borrowings US $ 3,323,802 (2015: US $ 3,244,549), derivative liabilities US $ 29,337 (2015: US $ 32,821) and corporate liabilities US $ 153,112 (2015: US $ 105,523).

(e) The Company operates in one business and geographic segment. Consequently no segment disclosures of the Company are presented.

(f) Three customers in the power generating segment contributing revenues of US $ 473,844 accounted for 70.02%(2015: One customers in the power generating segment contributes revenues of US $ 196,893 accounting for 51.52%) of the total segment revenue.

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23. Depreciation, amortisation, impairment of financial and other assets, costs of inventories, employee benefit expense and auditor's remuneration included in the Consolidated and Company income statement

(a) Depreciation, amortisation, impairment of financial and other assets and costs of inventories included in the Consolidated income statement

	2016	2015
Included in cost of revenue:		
Fuel costs	300,995	194,637
Depreciation	77,895	49,937
Amortisation of intangible asset	127	136
Included in general and administrative expenses:		
Depreciation	13,046	8,660
Impairment of property plant and equipment and trade and other receivable[1]	29,353	31,070

[1]During the year, the Group has evaluated recovery of its investment in one of the joint venture company and based on the evaluation the Group has impaired the carrying value of investments amounting to US $ 14,096, property plant and equipment of US $ 3,339, good will of US $ 22 and other assets of US $ 21.

(b) Employee benefit expenses

	Consolidated		Company	
	2016	2015	2016	2015
Salaries and wages	19,209	19,065	345	467
Employee benefit costs	815	894	-	-
Others	1,571	1,614	-	-
Total	**21,595**	**21,573**	**345**	**467**
Less: Amount capitalized to PPE	6,126	10,766	-	-
Net employee benefit expense	**15,469**	**10,807**	**345**	**467**

The employee benefit expenses of the Group form part of the cost of revenues amounting US $ 10,144 (2015: US $ 7,264) and general and administrative expenses amounting US $ 5,325 (2015: US $ 3,543).

The employee benefit expenses in the Company financial statements amounting to US $ 345 (2015: US $ 467) forms part of the general and administrative expenses.

(c) Auditor's remuneration for audit services amount to US $ 214 (2015: US $ 198) (including out of pocket expenses).

24. Other operating income

Other operating income comprises:

	2016	2015
Income from management fees	226	253
Claims received [1]	893	8,090
Deferred revenue amortisation	115	111
Other operating income	441	942
Total	**1,675**	**9,396**

[1]Claims received includes an amount of US $ Nil (2015:US $ 7,952) towards loss of profit and others received from an Engineering, Procurement and Construction (EPC) contractor.

25. Finance costs

Finance costs comprise:

	Consolidated		Company	
	2016	2015	2016	2015
Interest expenses on loans and borrowings[1]	268,611	158,361	1,065	1,381
Other finance costs	16,577	19,864	1,576	1,519
Impairment of financial assets [2]	170	693	-	-
Net loss on financial instrument at fair value through profit or loss [3]	8,822	4,355	-	560
Foreign exchange loss, net	-	34,281	2,333	258
Net loss on held -for-trading financial assets				
on disposal	2	-	-	-
on re-measurement	6	-	-	-
Unwinding of discounts	2,282	2,256	-	-
Total	**296,470**	**219,810**	**4,974**	**3,718**

[1]Borrowing cost capitalised during the year amounting to US $ 154,737 (2015: US $ 240,579) to property, plant and equipment at an effective interest rate of 15.25% (2015: 14.53%).

[2]Impairment of financial assets relates to available-for-sale financial asset of US $ 170 (2015: US $ 693).

[3]Net loss on financial instrument at fair value through profit or loss above relates to foreign exchange forward contracts, currency options and interest rate swap that did not qualify for hedge accounting.

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26. Finance income

The finance income comprises:

	2016	2015
Interest income		
bank deposits	11,508	14,155
loans and receivables	2,044	2,531
Dividend income	510	297
Net gain on held-for-trading financial assets		
on disposal	-	3
on re-measurement	-	32
Unwinding of discount on security deposits	1,704	2,073
Foreign exchange gain, net	10,563	-
Gain on available-for- sale financial assets disposed	7	44
Total	**26,336**	**19,135**

27. Tax income / (expense)

The major components of income tax for the year ended 31 March 2016 and 31 March 2015 are:

	2016	2015
Current tax	(1,392)	(1,490)
Deferred tax	15,456	92,694
Tax income reported in the income statement	**14,064**	**91,204**

Tax reconciliation

Reconciliation between tax expense and the product of accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2016 and 31 March 2015 is as follows:

	2016	2015
Accounting losses before taxes	(109,668)	(160,111)
Enacted tax rates	34.61%	33.99%
Tax income on loss at enacted tax rate	37,954	54,422
Expenditure not deductible for tax purpose	(11,145)	(1,992)
Income exempt or taxed at lower rate	4,397	1,564
Unrecognised deferred tax assets	(14,413)	(15,778)
Change in unrecognised temporary differences	1,017	(16,979)
Investment allowance under Indian Income Tax Act	-	68,938
Others	(3,746)	1,029
Actual tax income	**14,064**	**91,204**

The Company is subject to Isle of Man corporate tax at the standard rate of zero percent. As such, the Company's tax liability is zero. Additionally, Isle of Man does not levy tax on capital gains. However, considering that the Group's operations are based in India, the effective tax rate of the Group has been computed based on the current tax rates prevailing in India. Further, a substantial portion of the profits of the Group's Indian operations are exempt from income tax under the tax holiday period available to the Group which is available for companies in the power generation sector in India. The said exemption can be utilised for any ten consecutive years out of the fifteen years from the date of commencement of the operations and results in no tax being payable in respect of that ten year period other than the Minimum Alternative Tax (MAT) payable on book profits which is available as credit against future tax.

Shareholders resident outside the Isle of Man will not suffer any income tax in the Isle of Man on any income distributions to them. Further, dividends are not taxable in India in the hands of the recipient. However, the Group will be subject to a "dividend distribution tax" currently at the rate of 17.647% (plus applicable surcharge and cess) on the total amount distributed as dividend.

As per Indian tax laws, companies are liable for a Minimum Alternative Tax when current tax computed under normal provisions of the Income Tax Act, 1961 ("Tax Act") is determined to be below the current minimum tax computed under section 115JB of the Tax Act. The Group has carried forward credit in respect of MAT liability paid to the extent it is probable that future taxable profit will be available against which such tax credit can be utilised. Such credit is eligible to be carried forward and set-off against the future tax liabilities over a period of 10 years.

Deferred income tax at 31 March 2016 and 31 March 2015 relates to the following:

	2015	Recognised in the income statement	Recognised in other comprehensive income	Other	2016
Deferred income tax assets					
Property, plant and equipment	4,554	(5,655)	6,480	-	5,379
Unused tax losses carried forward	230,186	55,952	(13,061)	-	273,077
MAT credit	9,961	1,008	(545)	(357)	10,067
Others	3,922	3,827	(686)	-	7,063
	248,623	**55,132**	**(7,812)**	**(357)**	**295,586**
Deferred income tax liabilities					
Property, plant and equipment	151,778	40,480	(1,995)	-	190,263
Others	2,518	(804)	(123)	-	1,592
	154,296	**39,676**	**(2,117)**	**-**	**191,855**
Deferred income tax asset, net	**94,327**	**15,456**	**(5,695)**	**(357)**	**103,731**

	2014	Recognised in the income statement	Recognised in other comprehensive income	Acquired in business combination	2015
Deferred income tax assets					
Property, plant and equipment	3,893	(8,562)	9,221	2	4,554
Unused tax losses carried forward	90,778	142,709	(7,518)	4,217	230,186
MAT credit	9,480	575	(455)	361	9,961
Others	2,270	409	950	293	3,922
	106,421	**135,131**	**2,198**	**4,873**	**248,623**
Deferred income tax liabilities					
Property, plant and equipment	100,225	44,257	3,622	3,673	151,778
Others	4,494	(1,821)	(155)	-	2,518
	104,719	**42,436**	**3,467**	**3,673**	**154,296**
Deferred income tax asset, net	**1,702**	**92,694**	**(1,269)**	**1,199**	**94,327**

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In assessing the realisability of the deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of the deferred income tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realize the benefits of those recognised deductible differences and tax loss carry forwards. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced.

The Group has tax losses in certain entities which arose in India of US $ 80,915 (2015: US $ 56,246) that are available for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have been loss-making for some time. The Group evaluated and concluded that it is not probable that deferred tax assets on existing tax losses will be recovered. The subsidiaries have no taxable temporary differences available that could partly support the recognition of these losses as deferred tax assets. If the Group were able to recognise all unrecognised deferred tax assets, loss would decrease by US $ 27,864 (2015: US $ 19,421). The above tax losses expire at various dates ranging from 2017 to 2024.

There are certain claims / expenses amounting to US $ 46,516 which are disputed with the Income Tax department having a tax impact of US $ 16,098. The Group believes that such claims / expenses are allowable as per the provision of Income Tax Act, 1961 and there should not be any material impact on the consolidated financial statement

As at 31 March 2016 and 31 March 2015, there was no recognised deferred tax liability that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint operations

i. the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future; and
ii. the Group controls the dividend policy of the jointly controlled arrangements. The Group has determined that undistributed profits of its jointly controlled entities will not be distributed in the foreseeable future.

The temporary differences associated with investments in subsidiaries and joint operations, for which deferred tax liability has not been recognised aggregate to US $ 159,808 (2015: US $ 165,804).

28. Related party transactions

Name of the related party	Nature of relationship
K&S Consulting Group Private Limited	Group ultimate parent (GUP)
Sayi Power Energy Limited	Step-up holding
Sayi Energy Ventur Limited	Parent

For detail list of subsidiaries and joint operations refer note 1.6

Key management personnel and their relatives (KMP):

Name of the KMP	Nature of relationship
T L Sankar	Chairman
S Kishore	Executive Director
K A Sastry	Executive Director
S R Iyer	Director
Vladimir Dlouhy	Director
Guy D Lafferty*	Director
Abhay M Nalawade	Director
Keith N Henry	Director
K V Krishnamurthy	Director of parent

* Resigned with effect from 03 November 2014.

Particulars	Consolidated						Company					
	2016			2015			2016			2015		
	Joint operations	Parent / GUP	KMP	Joint operations	Parent / GUP	KMP	Subsidiaries	Parent / GUP	KMP	Subsidiaries	Parent / GUP	KMP
Transactions[1,2]												
Corporate support services fees	33	-	-	105	-	-	-	-	-	-	-	-
Interest income	515	-	-	1,341	-	-	-	-	-	-	-	-
Capacity charges paid	-	-	-	6,736	-	-	-	-	-	-	-	-
Inter-corporate deposits and loans given	901	19	-	9,638	56	-	4,258	9	-	45,993	24	-
Inter-corporate deposits and loans refunded	447	164	-	514	65	-	17,633	35	-	-	-	-
Loan taken	272	430	-	1,036	-	-	17,152	27	-	62,635	-	-
Repayment of loan taken	-	10	-	-	-	-	993	10	-	-	-	-
Refund of share application money	-	16,498	-	-	1,502	-	-	16,498	-	-	1,502	-
Equity-settled share based payment	-	-	47	-	-	112	-	-	47	-	-	112
Managerial remuneration [3]	-	-	702	-	-	710	-	-	371	-	-	355
Balances[1,2]												
Interest receivable	4,153	-	-	3,859	-	-	-	-	-	-	-	-
Loans and inter corporate deposits receivable	1,501	784	-	15,844	976	-	155,978	-	-	171,676	22	-
Loans payable	269	412	-	-	-	-	80,785	13	-	62,955	-	-
Other receivable	9	-	-	18	-	-	-	-	-	-	-	-
Other payable	2,408	165	-	2,464	-	-	-	165	-	-	-	-
Guarantees given	135	-	-	143	-	-	465,202	-	-	432,097	-	-
Managerial remuneration payable [3]	-	-	108	-	-	83	-	-	87	-	-	74

[1] The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period end are unsecured, interest-bearing in case of loans and inter-corporate deposits and non-interest bearing in case of other loans and advances and settlement occurs in cash. For the year ended 31 March 2016, the Group has recorded US $ 14,096 as impairment of receivables relating to amounts owed by related parties (2015: US $ Nil). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

[2] The difference in the movement between the opening outstanding balances, transactions during the year and closing outstanding balances is on account of exchange adjustments, impact of business combination, provision / write off and conversion into equity.

[3] Remuneration is net of share based payments and accrual towards Gratuity, a defined benefit plan, which is managed for the Group as a whole. However, the annual accrual of this liability towards key management personnel is not expected to be significant. There are no other long term benefits and termination benefits which are payable to the key management personnel.

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29. Commitments and contingencies

a. *Operating lease commitments*

The Group has entered into a number of operating leases for land and office facilities. The leases typically run for a period of 1 to 99 years, with and without an option to renew the lease after that date. None of the leases includes contingent rentals.

During the year ended 31 March 2016, US $ 1,319 (2015: US $1,156) is recognised as an expense in respect of operating leases.

b. *Capital commitments*

As at 31 March 2016, the Group is committed to purchase property, plant and equipment for US $ 1,467,098 (2015: US $ 1,300,892). In respect of its interest in joint operations the Group is committed to incur capital expenditure of US $ 49 (2015: US $51).

c. *Other commitments*

As of 31 March 2016, the Group has contractual obligations to spend approximately US $ 912,705 (2015: US $ 1,493,253); under purchase obligations which include commitments to purchase a minimum quantity of fuel under the terms of the agreement with the fuel supplier.

However, the Group believes that the obligation to purchase of a minimum quantity of the fuel may not apply in case of reduction in requirement to supply power to its customers.

d. *Legal and other claim*

i. SWPL filed a claim against Maharashtra State Electricity Distribution Company Limited (MSEDCL) towards recovery of the amount withheld against supply of energy under Power Purchase Agreement (including penalty on such amount) amounting to US $ 11,008 (2015: US $ 11,636). The facility required for generation of an agreed quantum of power was not ready as per an agreed schedule on account of unexpected factors beyond the control of the Group, the Group proposed to MSEDCL an arrangement to secure the energy from alternate supplies for the short quantity required to meet the obligation under the power purchase agreement. MSEDCL accepted the proposal and also confirmed that the energy supplied from alternate sources will also be subject to the tariff agreed under the power purchase agreement. However, after initial payments for the period April to June 2010, starting July 2010 to October 2010, MSEDCL did not settle the entire dues billed and the certain amounts were withheld without any explanation. The Group contended before Maharashtra Electricity Regulatory Commission (MERC) that since the energy supplied and billed was as per the terms agreed and the similar bills of earlier months were paid by MSEDCL, there is no cause to withhold the payments. However, MERC has dismissed the petition. The Group has filed an appeal before Appellate Tribunal for Electricity (APTEL) against the order of MERC and APTEL also rejected the appeal. The Group has filed an appeal before Honourable Supreme Court of India. Pending adjudication, the Group believes that the final outcome of the above dispute would be in favour of the Group and there would be no material impact on the financial statements. Pending final adjudication of the matter, the Group has accrued necessary provision on prudent basis.

ii. VS Lignite Power Private Limited (VSLPPL) has receivables of US $ 7,787 (2015: US $ 8,750) from its consumers representing taxes including royalty, cess on clean energy, taxes on input fuel as well as double adjustments for the security deposit, transmission and SLDC charges and take or pay obligation which are disputed by the consumers. In addition, the customers have also raised demand towards supply or pay obligation which are disputed by the Group. The Group has an amount of US $ 6,373 access from such customers as redeemable preference and equity capital available for necessary setoffs. Further, the Group contends that not only it has fulfilled the contractually guaranteed supplies but also the amounts claimed are as per the terms of the power purchase agreements. Aggrieved by the order of Arbitrator and civil court, the Group has preferred an appeal in Honourable High Court of Jodhpur. Pending outcome of the same, the Group believes that the final determination of the above dispute would be in favour of the Group and there would be no material impact on the financial statements.

iii. The captive customers of the SWPL has deducted from the sales invoices and paid an amount of US$ 9,107 towards Cross Subsidy Surcharge ('CSS') levied by MSEDCL for the financial year 2012-13 before ascertaining the captive status of the plant at the end of financial year which was against the express provisions of the Electricity Act 2003 read with the Electricity Rules, 2005. MERC asked the Company to pay CSS on ground of non-fulfilment of criteria of 51% supply to captive users as per Rule 3 of the Electricity Rules 2005. Aggrieved by the said order of the MERC, the Company has filed an appeal before the APTEL on the ground that the non-fulfilment of captive criteria by the company was attributed to the delay caused by MSEDCL in granting open access to captive customers. APTEL also rejected the appeal. However Company has filed review petition with APTEL. The Group has received favorable order for the financial year 2013-2014. Pending adjudication of the same, the Group believes that there is a good chance of succeeding before the APTEL and hence no adjustment has been made in the financial statements.

iv. KSK Mahanadi, the Group's largest thermal power generation plant with two units fully operational and balance units in various stages of construction and commissioning is engaged in the generation and supply of power to four state utilities of Andhra Pradesh, Telangana, Tamil Nadu and Uttar Pradesh under Case 1 competitive bid Power Purchase Agreement (PPA). The respective PPAs in addition to the agreed tariff payable for the power supplied contains specific provisions providing for tariff adjustment payment to the generator on account of Change in law. The Change in law provision essentially provides reimbursement mechanism for all additional recurring or non-recurring expenditure incurred by the Generator towards new costs levied / incurred post the bidding point. These claims under the PPA cover both (a) Claim on account of various statutory duties, levies and cess levied by Central or State Governments or its instrumentalities; and (b) linkage coal shortfall compensation with respective to Presidential Directive and Ministry of Power Notification to all Electricity Regulators in India. KSK Mahanadi has made claims pursuant to the above PPA provisions in excess of US $ 193,517, wherein claim pertaining to taxes amounts to US $ 35,822 and claim on account of short supply of coal pursuant to the Presidential Directive amounts to US $ 157,695. However, notwithstanding its eligibility for the full claim as per the PPA, keeping in view the regulatory commitments by the Government instrumentalities, the necessary legal and administrative process that KSK Mahanadi has to pursue, on its internal evaluation of the facts and circumstances of the case on a prudent basis, KSK Mahanadi has recognised a portion of the claim aggregating to US $ 140,510 in the books of accounts until date, wherein US $ 109,351 pertains to the current year. KSK Mahanadi has in its notices to the utilities submitted that it qualifies for the composite scheme guidelines and hence Central Electrical Regulatory Commission (CERC) will be the relevant appropriate authority to adjudicate the matter. While in the earlier period, the claims were to be determined by the State Regulators, pursuant to a recent ruling by the Appellate Tribunal of Electricity (APTEL) with respect to multiple power producers, the jurisdiction of CERC has been reaffirmed. Based on the bid guidelines, the PPA provisions and the legal advice that KSK Mahanadi has obtained, steps have been initiated to make appropriate amends in its claim petitions and filings before CERC. Based on the legal advice and recent ruling of CERC in similarly placed power project, KSK Mahanadi is confident that the entire claim amount is fully receivable.

v. KMPCL has levied capacity charges and transmission charges to AP Discoms for the period from 16 June 2013 to 13 August 2013 amounting to US $ 13,163 (2015: US $ 13,935), on account of delayed fulfilment of obligation under the PPA. AP Discoms have rejected those claims and made the counter claim of US $ 3,562 (2015: US $ 3,765) for failure to furnish advance final written notice of commencement of supply of power as per article 4.1.2 of PPA. The Group has preferred an appeal before APERC & TSERC for refund of amount collected by Discoms by encashment of bank guarantee. The Group's contention is that since the Discoms have failed to fulfil the obligation as per PPA, there is default on part of Discoms and the counter claim by Discoms is merely to negate the effect of KMPCL claim of capacity charges. Pending adjudication of the case, the Group believes that there is a good chance of succeeding before the regulatory commissions and hence no adjustment has been made in the financial statements.

vi. The Company had made investment of US $ 15,848 in Athena Projects Private Limited ('APPL') for acquisition of 25% stake. APPL in turn holds substantial investment in Teesta III hydro project. On 16.07.2009, the parties entered into a MOU providing for transfer of interest in 68,400,000 shares of Teesta III in favour of KSK Energy Company Private Limited ('KECPL'). The arrangement envisaged APPL to complete certain corporate actions. Thereafter, as a final arrangement a share sale and purchase agreement dated 5 April 2010 was executed between KECPL and APPL promoters that provided for acquisition of entire shares of US $ 15,848 in one year's time. Upon same being not honoured KECPL filed the petition with Company Law Board ('CLB'), Principal Bench, New Delhi which is currently pending. The aforesaid is the significant matter of minority protection and management believe that they have the good grounds for the favourable disposal of the case. Hence the Group continue to carry the investment in APPL at cost.

vii. The Group had entered into coal supply agreement with Goa Industrial Development Corporation (GIDC) for sourcing coal from the identified coal block i.e., Garepelma-III coal block. However, pursuant to the Honourable Supreme Court Orders during August and September 2014, Garepelma-III was de-allocated from GIDC. GIDC has kept the group notified that is still pursuing with the Government for allocation of this mine under the new coal statute and also has filed a legal case before Honourable High Court of Delhi wherein interim relief is granted in favor of GIDC. At the same time the initial development of the Garepelma-III block was entrusted to Group by GIDC, wherein the Group has incurred all the cost relating to the development of mine. Government of India has promulgated the Coal Mines (Special Provisions) Ordinance, which provides for reimbursement of cost incurred towards land and mine infrastructure by new allottee. Accordingly GIDC has made the claim for US $ 39,802 for settlement before Nominated Authority appointed under the Ordinance by Ministry of Coal. Subsequent to the year end, Government of India,

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Ministry of Coal has directed to pay towards cost of compensation for geological report to all the prior allottee and accordingly the Group has received US $ 4,528. Pending final adjudication of the case by Honourable High Court of Delhi or pending final settlement of the claim by the Nominated Authority, the management believes that the entire amount incurred by the Group is recoverable and accordingly the claim of US $ 39,802 has been reclassified under other receivable.

viii. Other non-current assets include an amount of US $ 16,502 (2015: US $ 20,850) relating to Central Excise, VAT and Service Tax receivable from the respective departments by SWPL. SWPL is registered as SEZ unit. A unit in SEZ is allowed to import goods (purchase from local market is also treated as import) without payment of Duty for the purpose of its authorised operations. The exemption from the payment of duties and taxes are provided under Section 26 of the SEZ Act, 2005. In respect of Service Tax, the Group has already received a refund for the period from January 2013 to March 2015 and a favourable order from Central Excise & Service Tax Appellate Tribunal (CESTAT) for the period March 2009 to December 2009 and claims for remaining period is pending before CESTAT. Thus the Group is confident of receiving refund for the remaining period as well. In respect of VAT claims the Group has already received a refund for the financial year 2007-08 to 2010-11 and for the financial year 2013-14 on adhoc basis however assessment is still pending. The Company has also received refund order for financial year 2011-12 and thus the Group is confident to receive the refund for the remaining years as well. The excise duty refund claims were rejected by the department stating that there are no provision of refund under the SEZ Act. The Company has filed an appeal with the CESTAT where in the CESTAT and the Large bench has mentioned that in respect of rebate on goods supplied from DTA to SEZ within India, the appeal would not lie to Appellate Tribunal under clause (b) of provision of Section 35(1) of Central Excise Act, however the Group has liberty to file revision application before Revisionary Authority, Government of India. Accordingly, the Company has filed a revisionary petition with Ministry of Finance, Department of Revenue. The Group is confident to receive the refund.

ix. The Group has received claims for US $ 9,807 (2015: US $ 10,367) from Joint Director General of Foreign Trade (DGFT) towards the recovery of the duty drawbacks, earlier refunded. The Group had earlier made claims for the refund of the duties paid on the machinery and other items purchased for the construction of the power projects under the scheme of deemed export benefit, which were accepted and refunds were granted. The communications from the DGFT regarding the recovery of the duties paid are based on the interpretations by the Policy Interpretation Committee held on 15 March 2011. The Group contends that the above change in interpretation requires an amendment to the foreign trade policy to be legally enforceable in law. Since, no such amendment can be made with retrospective effect, the Group believes that outcome of the above dispute would be in favour of the Group and there would be no material impact on the financial statements.

x. SWPL has lodged a claim relating to quality and price on Western Coalfields Limited (WCL), the coal supplier for abuse of dominant position by WCL and Coal India Limited (CIL). Honourable Commission has passed an order on 27 October 2014 in favour of the Group as far as price claim is concerned whereas for the quality claim, the Commission has referred to its earlier order dated 13 January 2014, of similar case which is presently pending at Competition Appellate Tribunal (COMPAT). WCL has preferred an appeal against the order of the Commission before the COMPAT wherein hearing is presently underway. The Group has filed a total claim of US $ 137,045 with COMPAT under provision 53N of The Competition Act, 2002. Further Company has received a demand of US $ 11,494 from WCL towards short lifting of minimum quantity of coal which is also contested by the Company on various grounds including of inferior quality & high price. The Group believes that the final outcome of the above matters would be in favour of the group and adjustments if any will be incorporated in the financial statements after finalisation of the legal proceedings.

In addition, the Group is also subject to various other legal proceedings and claims which have arisen in the ordinary course of business including claims before various tax authorities. The Management does not reasonably expect that these legal proceedings, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial conditions. The Group has accrued appropriate provision wherever required.

Guarantees

- The Company has guaranteed to unrelated parties for the loans and non-fund based facilities availed by subsidiaries for US $ 319,535 (2015: US $ 275,977) and
- The Group guaranteed the performance of the joint ventures under the power delivery agreements to unrelated parties. No liability is expected to arise.

30. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprises of loans and borrowings and trade and other payables. The main purpose of these Consolidatedfinancial liabilities is to raise finance for the Group's operations. The Group has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also hold investments designated at fair value through profit or loss and available-for-sale categories and enter into derivative transaction

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purpose may be undertaken.

The directors reviews and agrees policies for managing each of these risks which are summarised below:

Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments, investment at fair value through profit or loss and derivate financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2016 and 31 March 2015.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risk. This is based on the financial asset and financial liabilities held at 31 March 2016 and 31 March 2015.
- The statement of the financial position sensitivity relates to derivatives and available for sale debt instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage interest rate risk, the Group enters in to interest rate swaps, in which it agrees to exchange at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

Currency	Change in basis points	Effect on profit before tax / equity	
		2016	2015
INR	+100	(17,657)	(6,434)
USD	+100	(1,905)	(1,693)
INR	(100)	17,657	6,434
USD	(100)	1,905	1,693

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If interest rates increase or decrease by 100 basis points with all other variables being constant, the Company's loss before tax for the year ended 31 March 2016 would increase or decrease by US $ Nil (2015: US $ Nil).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The majority of our assets are located in India where the Indian rupee is the functional currency for our subsidiaries. Currency exposures also exist in the nature of capital expenditure and services denominated in currencies other than the Indian rupee.

Group borrowings are denominated in both Indian Rupees and US dollars, while a large portion of cash and liquid investments are held in other currencies, mainly in the Indian rupee. Some financial assets and liabilities are not held in the functional currency of the respective subsidiary. Group also hold some intra-group balances in currencies which are not the functional currency of the respective subsidiary and hence the Group is exposed to movements in the functional currency of those entities and the currencies in which these balances are held.

Consequently, currency fluctuations may have a large impact on Group financial results. Groupis subject to currency risks affecting the underlying cost base in the operating subsidiary companies and also the translation of unit cash costs, income statement and the statement of financial position (including non-US dollar denominated borrowings) in the Consolidated financial statements, where the functional currency is not the US dollar.

Foreign currency exposures are managed through a group-wide hedging policy. The policy is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. Short-term foreign exchange exposures relating to capital expenditure are hedged progressively based on their maturity. Long term exposures are normally unhedged, however the Group had hedged some of the long term loans by entering in to currency options.

The carrying amount of the Group's financial assets and liabilities in different currencies are as follows:

Currency	2016		2015	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Indian Rupee	545,558	3,209,694	428,401	2,978,919
Great Britain Pound	230	1,309	629	1,173
United States Dollar	97,188	665,612	87,815	714,323
Others	7	119	12	126

The carrying amount of the Company's financial assets and liabilities in different currencies are as follows:

Currency	2016		2015	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Great Britain Pound	65,353	1,064	67,477	1,178
United States Dollar	93,995	116,237	112,691	114,439

The Group's exposure to foreign currency arises where a Group company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity with US dollar being the major foreign currency exposure of the Group's main operating subsidiaries. Set out below is the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the Group's foreign currency financial instruments:

2016	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Indian Rupee	66.2558	(48,584)	(48,584)
Great Britain Pound	0.6960	1,578	1,578

2015	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Indian Rupee	62.6788	(55,300)	(55,300)
Great Britain Pound	0.6741	(9,768)	(9,768)

The Company's exposure to foreign currency arises where a company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity with US dollar being the major foreign currency exposure of the Company. Set out below is the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the Company's foreign currency financial instruments:

2016	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Great Britain Pound	0.6960	(2,264)	(2,264)

2015	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Great Britain Pound	0.6741	(174)	(174)

Equity price risk

The Group's investments in listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the Group's exposure to unlisted equity securities was US $ 17,429 (2015 US $ 18,644) and the exposure to listed equity securities at fair value was US $ 622 (2015 US $ 662).

At the reporting date, the Company's exposure to unlisted equity securities (excluding investment in subsidiaries) was US $ Nil (2015: US $ Nil).

A decrease of 10% on the Indian market index would have an impact of approximately US $42 (2015: US $ 23) on the income or equity attributable to the Group, depending on whether or not the decline is significant and prolonged. An increase of 10% in the value of the Indian market index would impact income or equity by similar amounts.

A decrease of 10% on the UK market index would have an impact of approximately US $ 5 (2015: US $ 9) on the income or equity attributable to the Group, depending on whether or not the decline is significant and prolonged. An increase of 10% in the value of the UK market index would impact income or equity by similar amounts.

Credit risk analysis

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its financing activities, including short-term deposits with banks and financial institutions, and other financial assets.

The carrying value of financial assets represents the maximum exposure for credit risk. The maximum exposure to credit risk of each class of financial assets at the reporting date was as follows:

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	Note	Carrying value 2016	Carrying value 2015
Debt securities	10	5,062	2,437
Short term deposits with banks	14	106,778	157,266
Non-current bank deposits	10	4,994	8,102
Loans and receivables			
- Trade and other receivables	12	369,732	157,057
- Other financials assets	10	76,470	82,256
		563,036	**407,118**

Majority of trade receivable are secured by collateral and other credit enhancement and amount reflected above are before netting of such collateral and other credit enhancement

The Group has exposure to credit risk from a limited customer group on account of supply of power. However, the Group ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The credit worthiness of customers to which the Group grants credit in the normal course of the business is monitored regularly. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group's/ Company's maximum exposure for financial guarantees are noted in note 29.

The Group's management believes that all the above financial assets, except as mentioned in note 10 and 12, are not impaired for each of the reporting dates under review and are of good credit quality.

Liquidity risk analysis

The Group's main source of liquidity is its operating businesses. The treasury department uses regular forecasts of operational cash flow, investment and trading collateral requirements to ensure that sufficient liquid cash balances are available to service on-going business requirements. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 90 day projection. Long-term liquidity needs for a 90 day and a 30 day lookout period are identified monthly.

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in construction projects for its power plants.

As at 31 March 2016, the Group has net current liabilities of US $ 459,928. The Group continues to generate cash flows from the current operations which are further expected to increase with the full load operation of two units of KSK Mahanadi plant and better plant load factor in Sai Wardha. In addition, a number of the facilities that are due to expire at 31 March 2017 are in the process of being extended and have a rollover clause in a number of cases and the Group may refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, where applicable. Further, the Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately US $ 969,740 to meets its long term investment programmes.

The following is an analysis of the Group contractual undiscounted cash flows payable under financial liabilities at 31 March 2016:

	Current	Non-current		Total
	within 12 months	1-5 years	Later than 5 years	
Loan and borrowings	996,697	2,146,565	2,933,957	6,077,219
Trade and other payables	493,099	3,471	11,254	507,824
Other financial liabilities	6,098	22,701	538	29,337
Total	**1,495,894**	**2,172,737**	**2,945,749**	**6,614,380**

The following is an analysis of the Group contractual undiscounted cash flows payable under financial liabilities at 31 March 2015:

	Current within 12 months	Non-current 1-5 years	Non-current Later than 5 years	Total
Loan and borrowings	886,719	2,269,295	2,489,213	5,645,227
Trade and other payables	369,590	35,300	-	404,890
Other financial liabilities	5,959	23,715	3,147	32,821
Total	**1,262,268**	**2,328,310**	**2,492,360**	**6,082,938**

The Company's contractual undiscounted cash flows payable under financial liabilities as at 31 March 2016 is US $ 117,301 (2015: US $ 115,617).

Capital management

Capital includes equity attributable to the equity holders of the parent and debt.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value objectives include, among others:

- Ensure Group's ability to meet both its long-term and short-term capital needs as a going concern;
- Constantly evolve multiple funding alternatives - equity and /or preference capital, senior and /or subordinated debt, corporate loan facilities to arrive at an optimal capital mix;
- Deployment of capital in Special Purpose Vehicles ('SPVs') in a timely manner and as appropriate to the project development under pursuit;
- Evolution and finalisation of capital holding levels in underlying SPV's, with balance capital contributions by customers, co-investors (financial or otherwise), if any;
- Periodic review of the existing capitalisation levels in various parts of the business for potential post construction refinancing and any capital release(s) under such refinancing; and
- Fine tune capital deployment decisions to enable adequate return to shareholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the year ended 31 March 2016 and 31 March 2015.

The Group maintains a mixture of cash and cash equivalents, long-term debt and short-term committed facilities that are designed to ensure the Group has sufficient available funds for business requirements.

The SPVs in the Group engaged in the business of captive power generation are subject to statutory requirement of maintaining the captive consumers' equity at 26% of the total equity. Apart from the aforementioned requirement, there are no other imposed capital requirements on Group or entities, whether statutory or otherwise.

The Group net debt to equity ratio at the reporting date is as follows:

	2016	2015
Total borrowing	3,323,802	3,244,549
Less: Cash and short-term deposit	122,800	197,996
Net debt	**3,201,002**	**3,046,553**
Equity	415,740	553,101
Total equity	**415,740**	**553,101**
Net debt to equity ratio	**7.70**	**5.51**

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31. Financial Instruments

Carrying amounts versus fair values

The fair values of financial assets and financial liabilities, together with the carrying amounts in the Consolidated statement of financial position are as follows:

	Carrying amount	Fair value	Carrying amount	Fair value
	2016	2016	2015	2015
Non- current financial assets				
Trade and other receivables	2,593	2,593	2,845	2,845
Equity securities - available-for-sale	17,938	17,938	19,155	19,155
Loans and receivables	32,024	32,024	53,532	53,532
Derivative assets	45,872	45,872	49,702	49,702
Non-current bank deposits	4,994	4,994	8,102	8,102
Total non-current	**103,421**	**103,421**	**133,336**	**133,336**
Current financial assets				
Trade and other receivables	367,139	367,139	154,212	154,212
Equity securities - held for trading	115	115	152	152
Debt securities-held for trading	5,062	5,062	2,437	2,437
Loans and receivables	44,446	44,446	28,724	28,724
Cash and short-term deposits	122,800	122,800	197,996	197,996
Total current	**539,562**	**539,562**	**383,521**	**383,521**
Total	**642,983**	**642,983**	**516,857**	**516,857**
Non- current financial liabilities				
Trade and other payables	30,496	30,496	47,581	47,581
Loans and borrowings	2,700,202	2,700,202	2,722,596	2,722,596
Interest rate swaps	6,174	6,174	4,763	4,763
Option premium payable	17,065	17,065	22,099	22,099
Total non-current	**2,753,937**	**2,753,937**	**2,797,039**	**2,797,039**
Current financial liabilities				
Trade and other payables	493,099	493,099	369,590	369,590
Loans and borrowings	623,600	623,600	521,953	521,953
Foreign exchange forward contract	629	629	453	453
Option premium payable	5,469	5,469	5,506	5,506
Total current	**1,122,797**	**1,122,797**	**897,502**	**897,502**
Total	**3,876,734**	**3,876,734**	**3,694,541**	**3,694,541**

The fair values of financial assets and financial liabilities, together with the carrying amounts in the Company statement of financial position are as follows:

	Carrying amount	Fair value	Carrying amount	Fair value
	2016	**2016**	**2015**	**2015**
Non-current financial assets				
Loans and receivables to subsidiaries	155,978	155,978	171,676	171,676
Loans and receivables	-	-	5,100	5,100
Total non-current	**155,978**	**155,978**	**176,776**	**176,776**
Current financial assets				
Loans and receivables	-	-	27	27
Cash and short-term deposits	1,194	1,194	1,065	1,065
Total current	**1,194**	**1,194**	**1,092**	**1,092**
Total	**157,172**	**157,172**	**177,868**	**177,868**
Current financial liabilities				
Trade and other payables	1,503	1,503	1,372	1,372
Loans and borrowings	115,798	115,798	114,245	114,245
Total current	**117,301**	**117,301**	**115,617**	**115,617**

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised in to different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices that is observable for the asset or liability, either directly or indirectly.
- Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Equity securities - available-for-sale	509	-	17,429	17,938
Equity securities - held for trading	115	-	-	115
Debt securities-held for trading	5,062	-	-	5,062
Derivative assets	-	45,872	-	45,872
Total	**5,686**	**45,872**	**17,429**	**68,987**
Financial liabilities measured at fair value				
Interest rate swaps	-	6,174	-	6,174
Option premium payable	-	22,534	-	22,534
Foreign exchange forward contract	-	629	-	629
Total	**-**	**29,337**	**-**	**29,337**

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the transfer has occurred. During the year ended 31 March 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

Notes to Consolidated and Company Financial Statements

For the year ended 31 March 2016
(All amounts in thousands of US $, unless otherwise stated)

Reconciliation of Level 3 fair value measurements of financial assets:

2016	Available-for-sale Unquoted Equities	Total
Opening balance	18,644	18,644
Total gains or losses:		
- in income statement	2	2
- in other comprehensive income		
change in fair value of available for sale financial asset	(159)	(159)
foreign currency translation difference	(1,004)	(1,004)
Settlements	(54)	(54)
Transfers into level 3	-	-
Closing balance	**17,429**	**17,429**

Total gains or losses for the year shown above, relates to available for sale securities held at the end of the reporting year.

2015	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity securities - available-for-sale	511	-	18,644	19,155
Equity securities - held for trading	152	-	-	152
Debt securities-held for trading	2,437	-	-	2,437
Derivative assets	-	49,702	-	49,702
Total	**3,100**	**49,702**	**18,644**	**71,446**
Financial liabilities measured at fair value				
Interest rate swaps	-	4,763	-	4,763
Option premium payable	-	27,605	-	27,605
Foreign exchange forward contract	-	453	-	453
Total	**-**	**32,821**	**-**	**32,821**

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the transfer has occurred. During the year ended 31 March 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

2015	Available-for-sale Unquoted Equities	Total
Opening balance	21,439	21,439
Total gains or losses:		
- in income statement	-	-
- in other comprehensive income		
change in fair value of available for sale financial asset	(1,877)	(1,877)
foreign currency translation difference	(918)	(918)
Settlements	-	-
Transfers into level 3	-	-
Closing balance	**18,644**	**18,644**

Valuation techniques

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Level 3 fair values for equity securities-available for sale has been determined by using Comparable Company Analyses. This is a relative valuation technique which involves comparing that company's valuation multiples to those of its peers. The multiples consider for the valuation is price to book value which is then adjusted for differences that are directly related to the characteristics of equity instruments being valued such as discounting factor for size and liquidity etc.

32. Subsequent events:

Out of the total Warrants of 80,808,080 issued by KEVL to KSK Power Holdings Limited ("KPHL"), 10,951,280 warrants has been exercised and converted in to equity share capital of KEVL during March 2015 and April 2015. Balance warrants of 69,856,800 outstanding as at 31 March 2016 lapsed subsequent to the balance sheet date on account of non-exercise of option by KPHL and same shall stand forfeited.

Glossary

Acts	The Isle of Man Companies Acts 1931 to 2004, as amended
AGM	Annual General Meeting
CIL	Coal India Limited
Combined Code	The Comnibed Code on Corporate Governance, issued bythe Financial Reporting Council
Company or KPVP or Parent	KSK Power Ventur plc
EPC	Engineering, Procurement and Construction
Electricity Act	the Indian Electricity Act 2003 as amended
FSA	Fuel Supply Agreement
FY	Financial Year
GAIL	Gas Authority of India Limited
Group or KSK	the Company and its Subsidiaries
GIDC	Goa Industrial Development Corporation
GMDC	Gujarat Mineral Development Corporation
GDP	Gross Domestic Product
GWh	Gigawatt Hour
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
JRPGPL	J R Power Gen Private Limited
KWh	Kilowatt Hours
KEVL/KSKEV	KSK Energy Ventures Limited
K&S	K&S Consulting Group Private Limited, a Company Controlled, and majority owned, by the Promoters
KMPCL/KSK Mahanadi	KSK Mahanadi Power Company Limited
KSKMRPL	KSK Mineral Resources Private Limited
KSK Dibbin	KSK Dibbin Hydro Power Private Limited
KSK Water	KSK Water Infrastructures Private Limited
KSK Wind Energy	KSK Wind Energy Private Limited
PPA	Power Purchase Agreement
Raigarh	Raigarh Champa Rail Infrastructure Private Limited
Sai Maithili	Sai Maithili Power Company Private Limited
SLPL	Sai Lilagar Power Limited
SRPCPL/Sai Regency	Sai Regency Power Corporation Private Limited
SPL/Sitapuram	Sitapuram Power Limited
SCCL	Singareni Collieries Company Limited
SPV	Special Purpose Vehicle , each being an Indian registered company incorporated for the purpose of specific power project
SAST	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 1997
SWPL	Sai Wardha Power Limited
US$ or U.S.$ or $	US Dollars, the lawful currency of the US
UK or United Kingdom	United Kingdom of Great Britain and Northern Ireland
UK LLP	United Kingdom Limited Liability Partnership
VSLP/VS Lignite	VS Lignite Power Private Limited
ZCL	Zuari Cement Limited
£ or sterling	Pounds or Sterling, the lawful currency of the UK

Company Information

Directors

Thiruvengadam Lakshman Sankar
(Non-Executive Chairman)

Subramaniam Ramchandran Iyer
(Non-Executive Director)

Vladimir Dlouhy
(Non-Executive Director)

Abhay Mahadeo Nalawade
(Non-Executive Director)

Keith Nicholas Henry
(Non-Executive Director)

Sethuraman Kishore
(Executive Director)

Kolluri Ayyappa Sastry
(Executive Director)

Company Secretary

Richard Vernon Vanderplank

Registered Office

Fort Anne, Douglas,
Isle of Man, IM1 5PD.

Financial Adviser & Corporate Broker

Arden Partners plc,
125 Old Broad Street, London, EC2N 1AR.

Isle of Man Legal Advisers to the Company

Cains Advocates Limited
Fort Anne, Douglas, Isle of Man, IM1 5PD.

Auditors

KPMG Audit LLC,
Heritage Court, 41 Athol Street,
Douglas, Isle of Man, IM99 1HN.

Registrars

Cains Fiduciaries Limited,
Fort Anne, Douglas Isle of Man, IM1 5PD.

CREST Agent

Computershare Investor Services (Jersey) Limited,

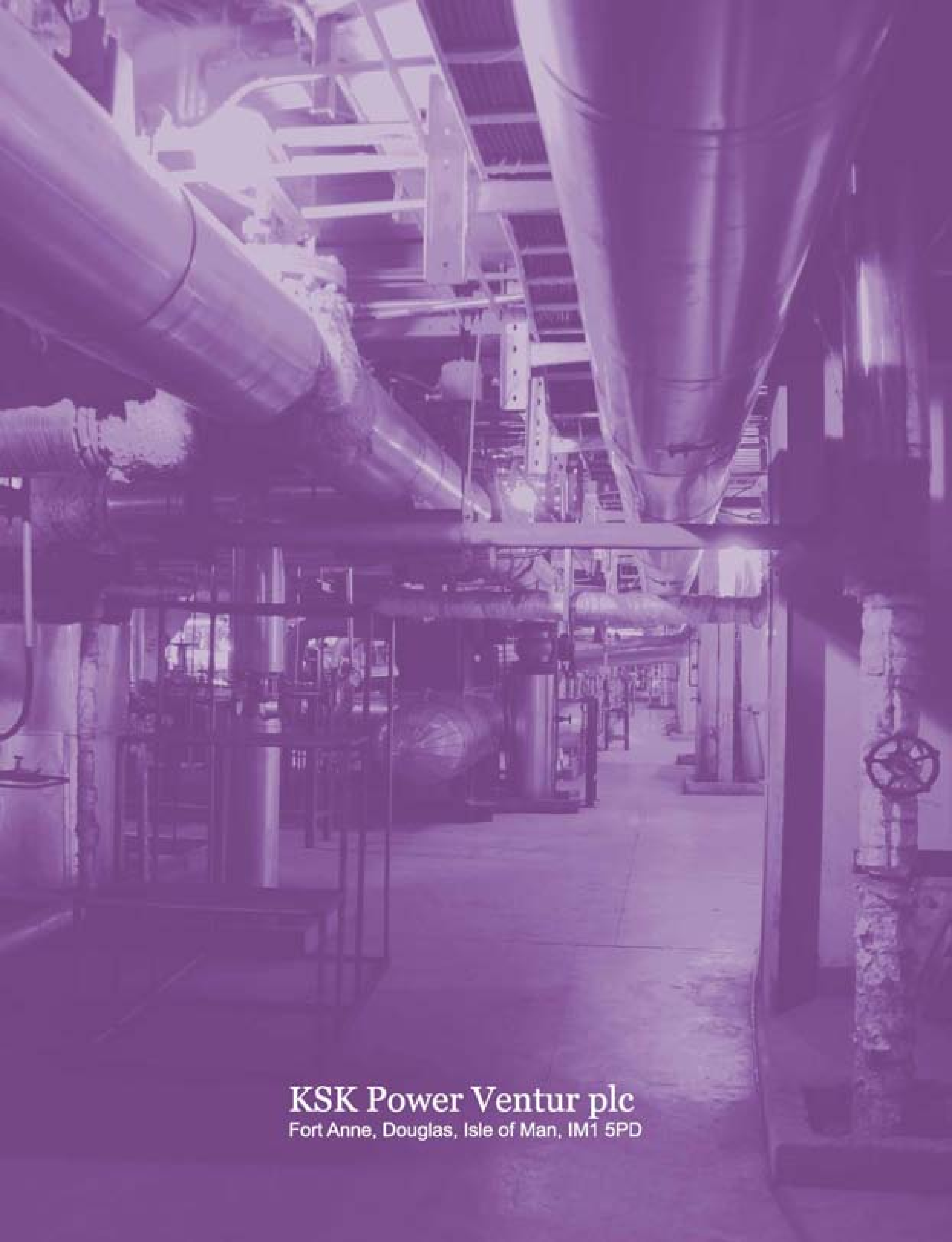
Queensway House, Hilgrove
Street, St Helier Jersey, JE11ES.

Website

www.kskplc.co.uk

Scrip Code

KSK



KSK Power Ventur plc

Fort Anne, Douglas, Isle of Man, IM1 5PD