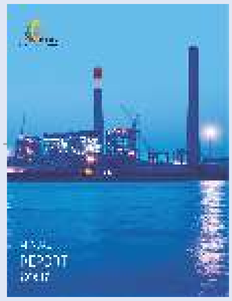
KSK

Power from knowledge

ANNUAL REPORT 2016-17


KSK Mahanadi, Chhattisgarh



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Sai Wardha, Maharashtra

FINANCIAL HIGHLIGHTS

(in US $ million)

REVENUE 591 2016: 675m	**GROSS PROFIT** 145 2016: 231	**INVESTMENT IN PPE** 3,737 2016: 3,371
TOTAL ASSETS 4,935 2016: 4,344	**CASH GENERATED FROM OPERATIONS** 144 2016: 144	**OPERATING PROFIT** 179 2016: 160
LOSS / PROFIT AFTER TAX -159 2016: -96	**CASH & BANK DEPOSITS** 105 2016: 123	**PROJECT FINANCE** 3,343 2016: 2,794

CHAIRMAN STATEMENT

> The growth of conventional power generation in India from 771 TWh in FY 2010 to 1160 TWh in FY 2017 with a contrasting fall in Plant load Factors (PLFs) of Independent Power Producers (IPPs) from 83.9% to 55.7% in the same period reflect the inherent challenges and contrasts in the policy paradigms of new power generation capacities that have resulted in prolonged period of challenges and uncertainty across the Indian power sector. While renewable is experiencing the enhanced thrust, balancing the same with base load round the clock power from conventional power sources would be the reality for the future and therefore improved thermal capacity PLFs are imminent into the near future.
>
> The current metamorphosis of the Indian power sector carries both an opportunity and threat. If handled appropriately through reconsidered business approach and collaborations long term economic value could be preserved and realised. However, if not properly handled, the same could lead to challenges to private power generation, distressed projects adding to the growing bad loan portfolios of project lenders.

The Indian power generation reflects a study in contrasts wherein Electricity demand in the country has increased rapidly during the last decade and is expected to rise further in the years to come with government expecting a rise of annual energy generation to 2000+ TWh (as against the 1200+TWh levels currently) on the back of a diverse energy mix ranging from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar and agricultural waste.

However in the same breath, all is not inspiring in the power sector with DISCOMs claiming to be power surplus and whilst the majority of Indian population are still shy of receiving any power or uninterrupted power. Similarly an appalling scenario of government counterparties not meeting the committed obligations and the downward spiral of the spot power prices with recoveries often below costs, threatening long term sustainability and thereby providing no incentive for new generation initiatives. The distortions in policies governing the fuel availability and costs, mega power policy and competitive bidding guidelines which are not in consonance with the macro framework and sectorial objectives need to be immediately looked into for putting in place a long term sustainable policy framework to ensure a win-win situation for all the stakeholders involved and not the interests of select few.

The financial year to 31 March 2017 witnessed the continuation of the prolonged period of challenges and uncertainty across the Indian power sector as a whole and the various operating power plants of the group in particular. While 2017-18 holds promise for enhanced performance, actual achievement is contingent upon a number of government initiatives being implemented, as well as the potential equity collaboration at KSK Mahanadi and debt refinancing being concluded during FY 2018. On this basis the

Company is confident that, with support of its lenders, progress on KSK Mahanadi can be achieved and the third 600 MW unit commissioned during the year. Steps towards a transparent auction process for coal linkages under the new SHAKTI Policy is a positive development which will help enable the coal requirements of initial 2400 MW to be satisfied over the longer term before coal requirements of the last 1200 MW are addressed.

However, the current constraints being faced in enforcing our rights against government counterparties in Sai Wardha and VS Lignite highlights the requirement of the Company to reconsider its business approach and explore alternative solutions and equity collaborations at each of the company' assets to preserve long term value. Such collaborations are being pursued with a spectrum of project stakeholders, including project lenders, operations and maintenance (O&M) contractors, fuel suppliers and others. The focus of the Company has also been to reduce the debt leverage within the various asset holding companies of the group, and the Company is currently in discussions with a number of potential strategic and financial investors to achieve the same. The Group has the potential to ramp up its generation capabilities once the units under construction achieve completion and stabilise in terms of performance.

Over the years, the Group's interest in underlying business has been supported by the equity raised and leverage at the holding companies. 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 is being considered for ongoing business operations. Once its financial performance improves, the Group would be in a position to consolidate its equity interest and further increase equity stakes both at KSKEV and underlying power plants in the future.

Outlook

We estimate that demand for power generation in India is expected to grow over the next decade, albeit with sporadic surprises and uncertainties with Government counterparties. The high quality of the Company's asset base means that KSK is well positioned to address the challenges as well as take advantage of these opportunities.

Once the remaining units of KSK Mahanadi power project are added to the Group's existing portfolio, the Board believes KSK will be one of India's leading suppliers of power. However, in the short term we expect the revenues and underlying profit to remain below our initial expectations, but gradually improving over the longer term. The operating performance during the year would not have been possible without the continued support of our shareholders, who have enabled us to pursue business opportunities against a background of challenging market conditions.

T. L. Sankar

T.L. Sankar
Chairman

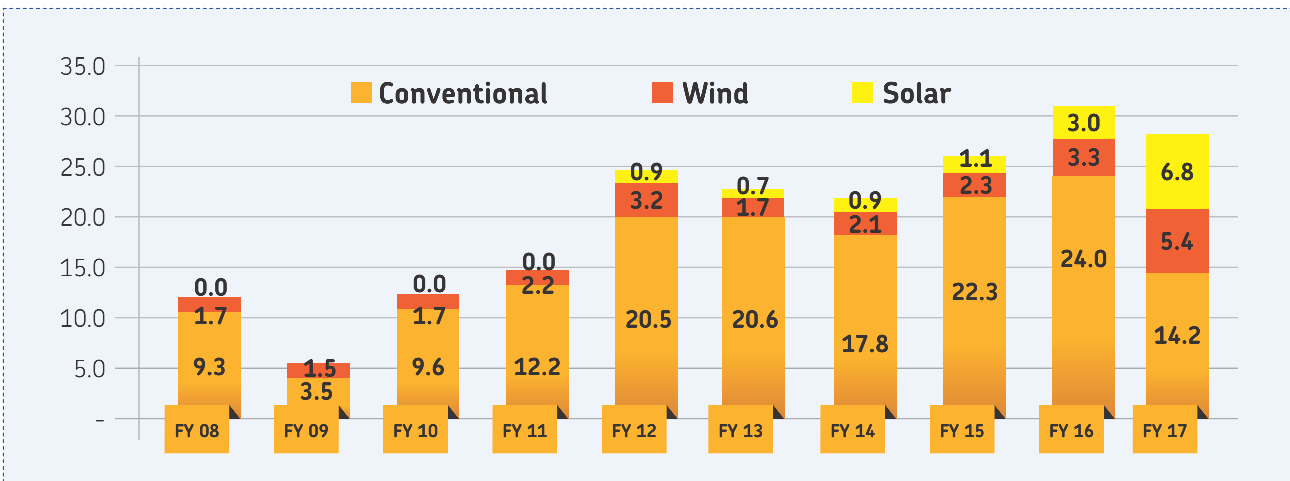
MARKET OVERVIEW

KSK Mahanadi, Chhattisgarh

Electricity production in India during FY 2017 stood at 1,160 TWh, an increase of 4.72% over the previous year reflecting the continued growth in electricity demand, albeit at a slower pace than anticipated. However, the capacity additions during the year reflect an interesting trend in various segments of power generation sector.

Overall Installed capacity (including renewables) moved from 303 GW to 330 GW, with a new trend during FY 2017 wherein

- Conventional power additions during FY 2017 (coal, gas, large hydro, nuclear) has been only 14.8 GW
- Renewable power additions during FY 2017 (wind and Solar) have been 12.4 GW



The capacity addition in the conventional power has been at a slower pace in FY 2017 (a decline of 41%) as compared to FY 2016 as tabulated below:

Conventional Capacity additions (MW)	FY16	FY17
Domestic Coal	19,155	9,625
Import Coal	600	600
Lignite	500	500
Gas	2,206	926
Hydro	1,516	1,594
Nuclear	-	1,000
Total	**23,977**	**14,245**
Gr (%) (yoy)	**6%**	**(41%)**

The capacity addition in renewable energy has been contrary, wherein 12.4 GW of the 60 GW of total base got installed in FY 2017, with solar capacity addition of 6.8 GW during FY 2017 being 50% of the total base of Solar generation capacity as tabulated below:

Renewable Capacity addition (GW)	FY16	FY17
Small Hydro Power	0.22	0.1
Wind Power	3.30	5.4
Biomass Power	0.41	0.2
Waste Energy	0.01	-
Solar Power	3.02	6.8
Total renewables	6.96	12.4
Gr (yoy) (%)	**70%**	**79%**

Cum Renewable Capacity addition (GW)	FY16	FY17
Small Hydro Power	4.3	4.3
Wind Power	26.7	32.1
Biomass Power	4.8	10.2
Waste Energy	0.1	0.1
Solar Power	6.8	13.6
Total renewables	**42.7**	**60.4**

While 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 and Jawaharlal Nehru National Solar Mission has been pursued, a recent spurt of very competitive low tariffs in the various bids for solar power projects has increased speculation as to any delay / abandonment of bid projects thereby impeding the growth of solar projects capacities in the longer run and actual power generation that would flow from these projects to the total national power generation pool.

MARKET OVERVIEW

KSK Mahanadi, Chhattisgarh

As regards utilization levels of Thermal power plant capacities across the country, the plant load factor of Coal and Lignite based stations fell to 58.88% in FY 17 compared to 62.29% in last FY 16 signifying inefficient use of Thermal Power Plants across India. The plant load factor of Thermal Power Stations is an index of utilization of the installed capacity. Therefore even though there was increase in generation compared to the previous year, a lot of thermal power plants were left stranded due to various reasons like lack of demand, availability of fuel, etc.

Anticipated Scenario of FY 2017-18

The electricity generation target of conventional sources for the year 2017-18 was fixed at 1229 TWh comprising of

- 1042 TWh of thermal
- 141 TWh of hydro
- 41 TWh of nuclear
- 5 TWh of power imports from Bhutan.

Similarly as far as capacity addition is concerned an aggregate capacity addition of 13,405 MW during the year 2017-18 comprising of

- 11,366 MW of thermal,
- 1,539 MW of hydro and
- 500 MW of nuclear

The country is likely to experience energy surplus of 8.8% and peak surplus of 6.8%. State-wise power supply position shows that most of the states/UTs would be having surplus energy and the remaining few states/UTs would need to arrange additional power from them to meet their peaking and/or energy shortages during 2017-18. The anticipated All India Power Supply Position for the year 2017 - 18 is as below:

	Energy			Demand		
	Requirement	**Availability**	**Surplus/ Deficit**	**Requirement**	**Availability**	**Surplus/ Deficit**
	(MU)	**(MU)**	**%**	**(MW)**	**(MW)**	**%**
Northern	373,301	409,715	9.8	56,800	60,600	6.7
Western	366,956	414,595	12	48,842	57,224	17.2
Southern	323,146	347,051	7.4	44,908	45,355	1
Eastern	150,151	149,871	-0.2	21,577	23,743	10
N-Eastern	16,106	16,595	3	2,727	2,802	2.7
All India	**1,229,642**	**1,337,828**	**8.8**	**169,130**	**180,601**	**6.8**

MARKET OVERVIEW

Transmission & development of High Capacity Power Transmission Corridors (HCPTCs)

During the year 2016-17, a total of 26,300 circuit-km (ckm) of transmission lines and 81,816 MVA transformation capacity was added in Central, State & Private Sector. This includes 2 nos. of 800kV HVDC line, 11 nos. of 765kV lines & 30 nos. of 400kV lines in Central Sector and 1 no. of 765kV, 33 nos. of 400kV & 147 nos. of 220kV lines in State Sector. Further, 4 nos. of 765kV, 22 nos. of 400kV & 2nos. of 220kV totaling 4,578 ckm of Transmission lines were added in Private Sector during this period. With the commissioning of these transmission lines, the inter-state and intra-state capability of power transfer in the country has enhanced considerably.

Being the nodal agency for grant of Long Term Access (LTA), POWERGRID has undertaken development of high capacity power transmission corridors for evacuation of large quantum of Power from various Independent Power Producers (IPPs) mainly coming up in resource rich states/coastal locations, i.e Odisha, Jharkhand, Sikkim, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Andhra Pradesh, etc. Accordingly to transmit this power to various load centers located across the states and Regions, implantations of 11 nos of HCPTCs has been planned by the company with consultation with CEA, IPPs & beneficiaries. CERC has already granted regulatory approval for 11 nos. of HCPTCs at an estimated cost of INR 75000 crores. Implementation of HCPTCs is progressing as per schedule with completion in a phased manner matching with generation projects. In fact some of the elements under HCPTCs of Chhattisgarh and Odisha have already been commissioned and balance elements of HCPTCs are expected to be completed progressively as per requirement.

Distribution:

Towards development of the power distribution sector, a number of schemes were launched such as:

- Ujwal Discom Assurance Yojana (UDAY);
- Deen Dayal Upadhaya Gram Jyoti Yojana (DDUGJY);
- National Smart Grid mission (NSGM);
- Revised Tariff Policy, 2016.

UDAY, the most ambitious reform of the DISCOM, was announced by Central Government in November 2015 based on four legs, namely:

a) Reduction in interest cost of DISCOMs

b) Improving operational efficiencies of DISCOMs

c) Reduction of cost of power

d) Enforcing financial discipline on DISCOMs through state finances.

Under the UDAY scheme, Government of Rajasthan, Uttar Pradesh, Chhattisgarh, Jharkhand, Punjab, Bihar, Haryana, Jammu & Kashmir and Andhra Pradesh have issued bonds to the tune of INR 1,83,084.29 Crores.

So far 20 states and One UT in all viz. Jharkhand, Chhattisgarh, Rajasthan, Uttar Pradesh, Gujarat, Bihar, Punjab, Jammu & Kashmir, Haryana, Himachal Pradesh, Uttrakhand, Goa, Karnataka, Andhra Pradesh, Manipur, Madhya Pradesh, Maharashtra, Assam, Telangana, Tamil Nadu and UT of Puducherry have signed MoUs. Some more states are like to join the scheme.

Under the DDUGJY scheme, projects with total cost of INR 42550 Crores have been sanctioned for 32 states/UTs. Subsidy of INR 2664 Crores has been released by Ministry of Power to REC. States are in the process of tendering and award of sanctioned projects.

In order to bring uniformity in power procurement by the DISCOMs and also to promote competition in electricity sector, "DEEP (Discovery of Efficient Electricity Price) e-bidding portal was launched. In the first stage portal was launched for procurement of short term power (i.e. up to One year). The scope of the portal has been extended for procurement of power for medium term basis as well.

SHAKTI - (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India)

The Government of India has approved a new Transparent Coal Allocation Policy, 2017 SHAKTI which essentially seeks to address coal linkages, with coal drawl permitted against valid Long Term PPAs and to be concluded Medium Term PPAs, under various categories as below:

1) Central and state generation companies will get linkages based on recommendation of Ministry of Power

2) IPP's with PPA but no coal linkage based on domestic coal: Coal linkages to such power plants will be allotted through a bidding process where companies quoting higher discount to existing tariff will be the winners

3) IPP's with PPA based on imported coal: Coal linkages shall be made available through bidding

4) IPP's without PPA: Coal linkages to such power plants will be by way of bidding where the bid over the Coal India notified price will be the bidding criteria.

5) Allotment to states: States will be allotted linkages and states will allocate linkages to power plants based on tariff based competitive bidding or allocate to cases where there is an expansion of existing capacity or project is being developed by state generation companies

6) UMPP: New UMPP will be allotted coal for entire capacity

The Government of India anticipates the following benefits of the policy

- Coal available to all Power Plants in transparent and objective manner
- Auction to be made the basis of linkage allocations to IPPs; cheaper and affordable POWER FOR ALL
- The Stress on account of non-availability of linkages to Power Sector Projects shall be overcomed which is good for the Infrastructure and banking Sector
- PPA holders to reduce tariff for linkage; Direct benefit of reduced tariff to Discom/consumers

Indian Power Market - Opportunities and Challenges

Opportunities

The Indian power sector itself has an estimated investment potential of US$ 250 billion in the next 4-5 years, providing immense opportunities in power generation, distribution, transmission and equipment, according to Ministry of Power, Government of India.

The government's immediate goal is to generate two trillion units (kilowatt hours) of energy by 2019. This means doubling the current production capacity to provide 24x7 electricity for residential, industrial, commercial and agriculture use.

Challenges

Capital intensive nature of the industry along with strenuous process of regulatory approvals and ruling implementation by government counterparties makes it difficult for new entrants there by existing players reaching their highest potential.

The situation in the power sector illustrates the more general problem. The setbacks by various projects have led to cost overruns at the new private power plants of more than 50 percent in nearly every case and much more than that in many. To cover these costs, these companies need to sell all the power they are capable of producing at high tariff rates, which has not happened in many of the cases. Also, merchant tariffs for electricity purchased in the spot market have slid to very low levels, far below the breakeven rate needed for most plants. As a result, cash flow for most private power generation companies falls far short of what is needed to service their interest obligations.

Stressed companies are consequently facing an increasingly difficult situation. Nevertheless, the current year has witnessed beginning of resolution of a number of issues relating to various projects.

Sai Regency, Tamil Nadu

OPERATIONS REVIEW

"During FY 2017, the Company has achieved annualised portfolio Plant Load Factor of 52% on the 2072 MW Capacity base, lower than average PLF of 59% in coal and lignite power stations across India. With progress being made both on fuel linkage under the new SHAKTI Policy for enhanced coal availability for KSK Mahanadi as well as commissioning of additional 1200 MW at KSK Mahanadi and efforts to resolve issues at Sai Wardha and VS Lignite, portfolio PLF is first expected to cross 60% and further progress to increased utilisation made ahead."

Operational Performance

During the twelve month period, operating assets generated 9,402 GWh with an average portfolio plant load factor of 52%, (FY16: 9,988 GWh with a 55% load factor, FY 2015: 6,158 GWh with a 34% load factor, FY 2014: 5,756 GWh with 32% load factor), marginally less than the 10,000 GWh mark that was expected to be crossed during the year primarily on account of decreased generation at Sai Wardha and VS Lignite.

	31-Mar-17		31-Mar-16		31-Mar-15		31-Mar-14	
	GWH	(%)	GWH	(%)	GWH	(%)	GWH	(%)
KSK Mahanadi (1200 MW)	6,731	(64%)	6,368	(61%)*	3,203	(30%)*	1,088	(10%)*
Sai Wardha (540 MW)	1,395	(29%)	1,856	(39%)	1,174	(25%)	2,586	(55%)
VS Lignite (135 MW)	474	(40%)	792	(67%)	851	(72%)	902	(76%)
Sai Regency (58 MW)	379	(75%)	459	(90%)	423	(83%)	445	(88%)
Sai Lilagar (86 MW)	124	(16%)	172	(23%)	148	(20%)	341	(45%)
Sitapuram Power (43 MW)	281	(75%)	324	(86%)	343	(91%)	342	(91%)
Solar Project (10 MW)	18	(21%)	17	(19%)	16	(18%)	19	(22%)
Wind Project	-	-	-	-	-	-	33	(20%)
TOTAL	**9,402**	**(52%)**	**9,988**	**(55%)**	**6,158**	**(34%)**	**5,756**	**(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).

The above details reflect moderate increase in the plant load factor (PLF) at KSK Mahanadi being offset by lower PLF and operating performance at Sai Wardha, VS Lignite and other smaller generating assets in common with the wider structural and economic challenges being experienced by the Indian Power sector as a whole. The main factors holding back the Company's operational performance relate to achieving suitable fuel supply availability and acceptable costs, state agencies continuing failure to meet their commitments and non-receipt of payments in favour of the Group pursuant to specific rulings.


KSK Mahanadi, Chhattisgarh

3,600 MW KSK MAHANADI POWER PROJECT (KMPCL) :

Construction of KSK Mahanadi, a large single location green field private power plant, has continued. There have been notable achievements during the year:

- The initial 1200 MW under operation generated 6,731 GWh during the year with a third 600 MW due to be commissioned over the next few months, followed by the fourth 600 MW unit thereafter.
- Mitigating arrangements were put in place to ensure power requirement of the various State Distribution Companies (Discoms) continue to be fulfilled by alternate sources pending the third 600 MW unit being fully commissioned and made operational.
- A scheme of arrangement was agreed with the lenders allowing the Raigarh Champa Rail Infrastructure SPV and the KSK Water Infrastructure SPV to be merged into KSK Mahanadi.
- Progress on the remaining 1200 MW (2x 600 MW units) is contingent upon project equity funding, as well as addressing fuel supply and Power Purchase Agreement (PPA) issues.

OPERATIONS REVIEW

540 MW SAI WARDHA POWER GENERATION LIMITED (SWPGL):

The total gross power generated during the review period was 1,395 GWh as against the 1,856 GWh during FY 2016. This reflected the continued challenging local operating environment, the fuel and the offtake constraints experienced by SWPGL and resultant pressure on working capital.

A significant achievement during the period at Sai Wardha was the final ruling by the Competition Appellate Tribunal ("COMPAT") in December 2016 awarding an amount of US$ 93m to be immediately recoverable from Western Coal Fields Limited (WCL) of the total claim of US$ 240m and the process to execute proceedings for the recovery of the claim under the law are currently underway.

As regards, the final legal appeal of WCL and Coal India Limited (CIL), the Hon'ble Supreme Court has not stayed the COMPAT order and final hearing on the appeal is expected to commence shortly. A favourable final ruling would not only enable a price reduction but also allow substantial claims of damages for the prior period be determined by the COMPAT. As regards long term power sale arrangements to commence delivery for half of the capacity of the Sai Wardha project to the local utility, the appeal against the Appellate Tribunal for Electricity ("APTEL") is also expected to be adjudicated by the Hon'ble Supreme Court shortly.

The Company continues to make every effort to pursue the coal price reduction and implementation of the APTEL direction, which we believe will ultimately lead to the enhanced utilisation and profitability of the SWPGL plant. However, proposals are under consideration for conversion of the project debt into equity and /or collaboration with a new investor consortium to address the project requirements before long term solutions on fuel and PPA are achieved.

Sai Regency, Tamil Nadu

135 MW VS LIGNITE POWER PRIVATE LIMITED (VSLP):

Total gross power generated during the year was 474 GWh as against the 792 GWh during FY 2016, reflecting the challenges experienced in the transition from Captive Power Plant (CPP) to Independent Power Plant (IPP) imposed under a local mandate by the Government. While efforts to secure necessary long term PPAs from the local grid continue, conversion of the project debt into equity and/or collaboration with a new investor consortium to address the project's requirements are being explored.

86 MW SAI LILAGAR POWER GENERATION LIMITED (SLPGL):

Total gross power generated during the year was 124 GWh as against 172 GWh during the previous year reflecting the transition from Captive Power Plant to Independent Power Producer. The Company anticipates increased generation, revenue and profitability from the SLPGL plant upon resolution of the various challenges it faces.

58 MW SAI REGENCY POWER CORPORATION PRIVATE LIMITED (SRPCPL):

Total gross power generated in the combined cycle gas fired power plant during the year was 379 GWh as against 459 GWh during the previous year, primarily on account of movement of gas supply arrangement from direct to auction basis. The PLF has recently improved and is operating at 81% PLF in the April to June 2017 quarter.

43 MW SITAPURAM POWER LIMITED (SPL):

Total gross power generated during the year was 281 GWh as against 324 GWh during the previous year. The fuel cost for the period under review continued to be high due to an increase in coal prices from the Singareni Collieries Company Limited, as well as from open market purchases. The energy generated in the period has been supplied to the captive consumers in accordance with the provisions of the PPA and the balance of power generated has been sold to local utility companies.

10 MW SAI MAITHILI SOLAR POWER PROJECT (Sai Maithili):

Total gross power generated during the year was 18 GWh as against 17 GWh during the previous year. The 10 MW PV solar power generation plant of Sai Maithili is located in the state of Rajasthan, operating under the Jawaharlal Nehru National Solar Mission with a long term PPA.

KSK Mahanadi, Chhattisgarh

FINANCIAL REVIEW

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

"The Group's interest in underlying business has been supported over the years by the equity raised and leverage at the holding companies. The challenges experienced at KSK Mahanadi along with constraints being faced in enforcing our rights against government counterparties in Sai Wardha and VS Lignite highlights the requirement of the Company to reconsider its business approach and explore alternative solutions and equity collaborations at each of the company's assets to preserve long term value.

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 is being considered for ongoing business operations. The Group is in discussions for equity collaboration and stake divestment at the project level with new potential investor groups. Currently, such collaborations are being pursued with a spectrum of project stakeholders, including project lenders, strategic and financial investors, operations and maintenance contractors, fuel suppliers and others."

Financial Highlights:

Particulars	March 2017	March 2016	% change
Revenue	591,258	674,547	-12%
Gross profit	144,843	231,336	-37%
Operating profit	178,551	160,466	11%
Loss before tax	(173,999)	(109,668)	59%
Average exchange rate Rupee/USD	Rs 67.15 /$	Rs 65.51 / $	2.51%

These movements are on account of moderate increase in PLF at KSK Mahanadi accompanied by lower PLF and operating performance at Sai Wardha and other smaller generation assets within the wider sectorial and economic challenges being experienced by the Indian Power sector as a whole with respect to fuel supplies costs thereto and state agencies meeting commitments. While the certainty towards enhanced operating and financial performance gained momentum recently with the announcement of the new coal linkage policy "SHAKTI" (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India) by Government of India in May 2017, the path to recovery and timing of the same continues to be uncertain until these new government policies on fuel linkages are actually implemented and proposed coal supply auction mechanisms completed.

Also, the increase in Operating Profit has been offset by the high finance cost at KSK Mahanadi wherein a debt refinancing has become necessary and corner stone for further equity value enhancement even at the higher 2400 MW operating base upon completion of the third and fourth 600 MW units at KSK Mahanadi. The Group has been in discussions for active equity collaboration and stake divestment at KSK Mahanadi wherein the debt funding at the project would be refinanced on the strength of collaboration with the new Investor group. Therefore, the benefit of lower finance cost at KSK Mahanadi is expected to be substantially realized starting FY 2019 onwards.

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, but gradually improving over the longer term.

Principal activity and overview

KSK Group is primarily engaged in the development; ownership, operation and maintenance of power generation assets in India. 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. To support these power generation initiatives, the group is also currently undertaking business activities in mineral interest, mine development and other support ancillary infrastructure.

Sitapuram, Telangana

FINANCIAL REVIEW

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

Income Statement Operating Results:

Particulars	March 2017	March 2016	Variance	% variance
Revenue	591,258	674,547	(83,289)	-12%
Cost of revenue	(446,415)	(443,211)	(3,204)	1%
Gross Profit	**144,843**	**231,336**	**(86,493)**	**-37%**

Generation, revenues and cost of revenue

The total revenues of the Group have decreased by US $ 83,289 reflecting a year on year decrease of 12% as a result of moderate increase in power generation at KSK Mahanadi offset by decreased output levels at Sai Wardha and VS Lignite. Revenues also include revenue of $ 75 million (2016: $ 110 million) relating to changes in law claim under the Power Purchase Agreements with State Utilities and Government of India directive. However change in law claim is realisable subject to obtaining necessary adjudication at the Central Electricity Regulatory Commission which has, certainly strengthened post the Landmark Supreme Court Ruling in May 2017 in similar case of other power producers.

Further, management expects upon commissioning of third unit of 600 MW of KSK Mahanadi during the third quarter of FY 18 and commissioning of fourth unit of 600 MW of KSK Mahanadi thereafter will increase group revenue significantly.

Cost of revenue increased by US $ 3,204 reflecting a year on year increase of 1%. The increase is mainly on account of second unit operation of KSK Mahanadi for the full year against part of the year in previous year and increase has been offset to certain extent due to decreased operation in Sai Wardha and other smaller assets. 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 and on account of delay in granting linkage coal to KSK Mahanadi by the Government of India.

The Positive achievement during the period has been a final ruling by the Competition Appellate Tribunal ("COMPAT") in December 2016. As regards, the final legal appeal of the Western Coal Fields Limited (WCL) and Coal India Limited (CIL), the Honourable Supreme Court has not stayed the COMPAT order and final hearing on the appeal is expected to commence shortly. A favourable final ruling would not only enable a price reduction but also substantial claims of damages for the prior period determined by the COMPAT.

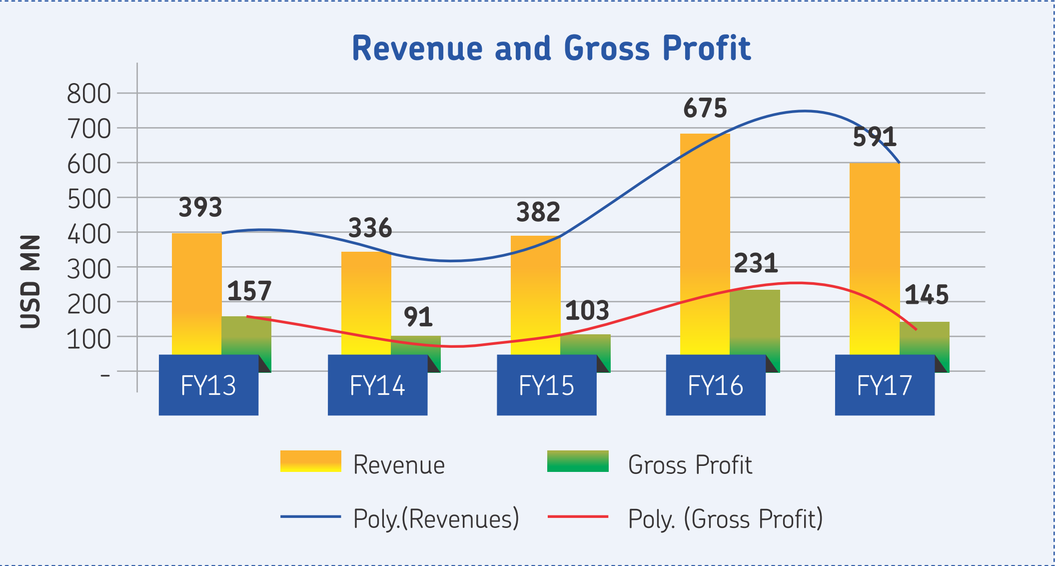
Further cost of revenue is expected to come down with the announcement of the new coal linkage policy "SHAKTI" (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India) by Government of India in May 2017. However, the timing of the receipt of linkage coal supplies continues to be uncertain until this new government policy on fuel linkages is actually implemented and proposed coal supply auction mechanisms completed.

Gross Profit

Gross profit of the Group decreased from US $ 231,336 to US $ 144,843, reflecting a year on year decrease of 37%. Decrease as explained above is mainly on account of decreased operation at Sai Wardha and VSLP.

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

Particulars	FY13	FY14	FY15	FY16	FY17
Revenue	393	336	382	675	591
Gross Profit	157	91	103	231	145



Operating Profits

Particulars	March 2017	March 2016	Variance	% variance
Gross Profit	**144,843**	**231,336**	**(86,493)**	**-37%**
Other operating income	95,667	1,675	93,992	5,611%
Distribution costs	(3,719)	(8,640)	4,921	-57%
General and administrative expenses	(58,240)	(63,905)	5,665	-9%
Operating Profit	**178,551**	**160,466**	**18,085**	**11%**

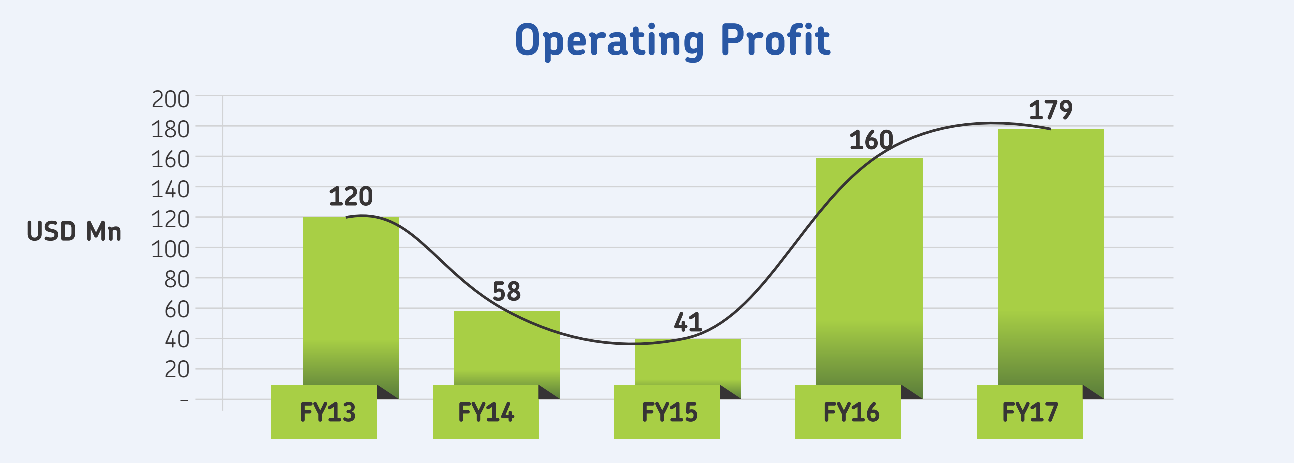
FINANCIAL REVIEW

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

Operating profits of the Group have increased by 11% from US $ 160,466 in FY 2016 to US $ 178,551 in FY 2017. The movement in operating profit is mainly due to;

- Increase in other operating income from US $ 1,675 to US $ 95,677 is primarily on account of claim relating to inferior quality and excess price receivable from a coal supplier in Sai Wardha after favorable ruling at COMPAT.
- Decrease in distribution cost by US $ 4,921 due to decrease in open access charges at Sai Wardha.
- Decrease in general and administrative expense by US $ 5,665 mainly due to decrease in impairment of PPE, trade and other receivables by US $ 14,291. However the decrease is offset to certain extent by full year operation of 2nd unit of KSK Mahanadi.

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



Profit / (loss) for the year

Particulars	March 2017	March 2016	Variance	% variance
Operating profit	**178,551**	**160,466**	**18,085**	**11%**
Finance costs	(360,244)	(296,470)	(63,774)	22%
Finance income	7,694	26,336	(18,642)	-71%
Loss before tax	**(173,999)**	**(109,668)**	**(64,331)**	**59%**
Income tax income	15,103	14,064	1,039	7%
Loss for the year	**(158,896)**	**(95,604)**	**(63,292)**	**66%**

Movement in loss for the year from US $ 95,604 to US $ 158,896 is mainly on account of the following:

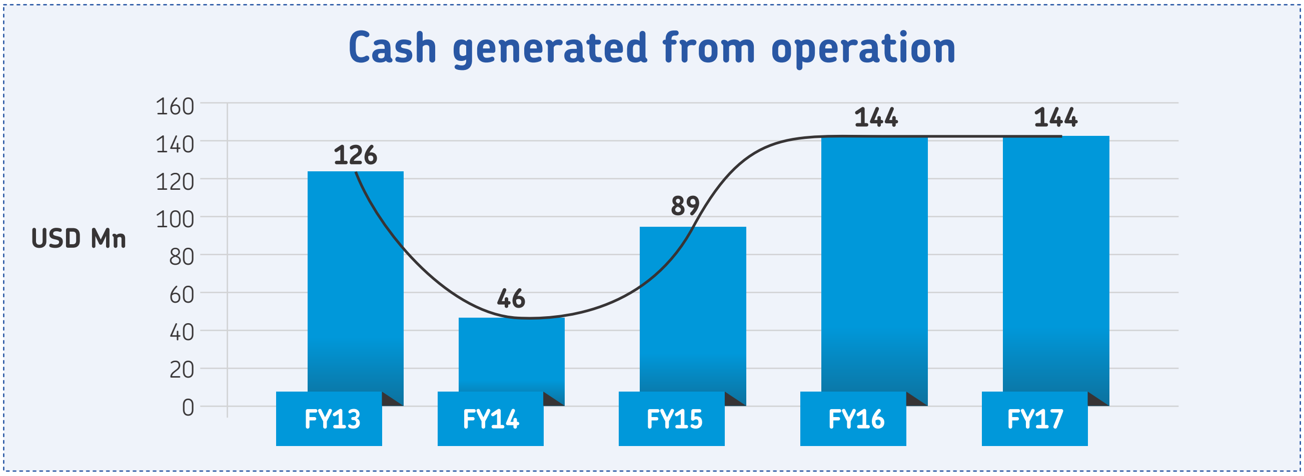
- Increase in finance costs from US $ 296,470 to US $ 360,244 due to increased borrowing levels with respect to operational power plants, wherein $ 58,160 increase alone at KSK Mahanadi on account of second unit full year operations.
- Decrease in finance income from US $ 26,336 to US $ 7,694 mainly on account of decrease in foreign exchange gain of US $ 10,563 and decrease in interest income from bank and other deposits of US $ 7,457.
- Increase in tax income from US $ 14,064 to US $ 15,103 reflects recognition of deferred tax asset at KSK Mahanadi on carry forward of losses.

Cash Flows

Particulars	March 2017	March 2016
Operating cash flow	294,841	312,620
Change in working capital assets and liabilities	(156,244)	(168,597)
Tax (paid) / refund	5,836	80
Net cash generated from operating activities	**144,433**	**144,103**
Net cash (used in) / provided by investing activities	(169,220)	12,721
Net cash (used in) / provided by financing activities	28,171	(170,679)
Effects of exchange rate	2,176	(10,854)
Changes in cash and cash equivalents	**5,560**	**(24,709)**
Cash and cash equivalent - beginning of year	16,024	40,733
Cash and cash equivalent - end of year	**21,584**	**16,024**

Net cash generated from operating activities increased from US $ 144,103 in FY 2016 to US $ 144,433 in FY 2017, an increase of US $ 330. The increase is primarily driven by increase in operational activity of KSK Mahanadi.

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



Net cash used in investing activities has increased from US $ (12,721) to US $ 169,220 largely on account of the following:

- Increased capital expenditure at KSK Mahanadi by US $ 130,119 relating to ongoing construction of 3rd and 4th unit.
- Investment in bank deposits of US $ 34,400 primarily given as collateral/security for importing the construction equipment and material.

Movement in cash generated from financing activities from US $ (170,679) to US $ 28,171 largely on account of the following:

- Increase in the net proceeds from borrowings by US $ 268,516 mainly on account of Cost over run project debt disbursement and fresh working capital loan at KSK Mahanadi,
- Decrease in net refund of shares application money by US $ 16,498.
- Higher finance cost paid of US $ 106,033 primarily at KSK Mahanadi for ongoing construction activity.

FINANCIAL REVIEW

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

Summary Balance Sheets

	March 2017	March 2016
Property, plant and equipment	3,736,864	3,370,932
Goodwill and other intangibles	11,495	11,382
Other non-current assets	334,319	297,368
Current assets	852,619	664,323
Total assets	**4,935,297**	**4,344,005**
Non-current liabilities	3,403,968	2,804,014
Current liabilities	1,257,073	1,124,251
Total Liabilities	**4,661,041**	**3,928,265**
Total equity including non-controlling interests	274,256	415,740
Total equity and liabilities	**4,935,297**	**4,344,005**

Property, plant and equipment (PPE) has increased by US $ 365,932 in 2017, mainly on account of capitalisation of additional cost of US $ 407,576 relating to continuous construction activities at KSK Mahanadi and impact of currency translation of US $ 60,979. However increase is offset on account of Depreciation for current year of US $ 100,354.

Movement in other non-current assets from US $ 297,368 to US $ 334,319 year on year basis, primarily as a result of the following:

- Incremental deferred tax assets amounting to US $ 26,624 reflects additional DTA on carry forward of losses primarily at KSK Mahanadi.
- Increase in prepaid expenses of US $ 9,914.

Current assets have increased from US $ 664,323 to US $ 852,619 year on year basis, primarily as a result of the following:

- Increase in trade and other receivable by US $ 89,879 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.
- Increase in claim receivable of US $ 93,329 recognised from coal supplier.
- Increase of advances given for procurement of coal and others amounting to US $ 28,637 mainly for securing domestic/imported coal supplies.
- Decrease in cash and short term deposits by US $ 17,721 reflecting maturing of fixed deposits and utilisation of the same for the construction activities and interest payments.

Non-current liabilities have increased by US $ 599,954 primarily due to the following:

- Increase in borrowings of US $ 566,803 mainly on account of additional funds borrowed for continuous construction activities at KSK Mahanadi. However the increase is offset to certain extent on account of regular repayment of loans borrowed in operating companies.
- Trade and other payable have increased by US $ 34,465.
- Decrease in derivative liabilities by US $ 9,424 on account of fair valuation.

Current liabilities have increased by US $ 132,822, primarily driven by increase of US $ 155,634 in trade and other payables relating to coal, spares, transmission charges etc. in KSK Mahanadi in line with increased operation and decrease of US $ 24,773 in borrowing mainly on account of regular repayment in operating companies.

Total equity has decreased from US $ 415,740 to US $ 274,256 mainly on account of current year losses and translation differences.

Equity and financing arrangements

The Group's interest in underlying business has been supported by the equity raised and leverage at the holding companies. 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 have become necessary for ongoing business operations. Upon enhanced financial performance the Group would be in a position to consolidate its equity interest and further increase equity stakes both at KSKEV and underlying power plants in the future. Consequently, the Company is holding discussions and evaluating proposals for further strategic funding and equity collaboration at asset level with various potential participants.

Going Concern

These 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. This is based on the Group's assessment of the business, sectoral developments, underlying economic environment as well as approach towards addressing the business challenges faced by operating assets to achieve optimistic solutions thereto. The Group is making cautious efforts to preserve and maximize the economic value of the underlying power generation assets and recognizes that dilution of equity interest at some of these power plants could be the potential outcome and with support from the project stakeholders at each of such assets it would be able to address the requirements of Going Concern at each of the same. However, the Group is exposed to a number of operational, legal, financial, economic and political risks, including:

Capital structure

The Group is seeking additional equity financing and/or debt restructuring in respect of the KSK Mahanadi and other key power plant projects in order to stabilise the projects development and the Groups financing and operating obligations. The Group is currently pursuing a number of avenues in this regard and expects positive outcomes during late 2017. It is anticipated by management that a number of the financing facilities will be restructured during the next 12 months and that the Group's proportion of equity holdings in significant projects may be diluted as a result of these initiatives. However there can be no certainty as to the outcome of these negotiations or the impact on the finances of the Group.

Financial

The Group requires funds for both short term operational needs as well as for long term investment programs, mainly in construction projects for its power plants. As at 31 March 2017, the Group has net current liabilities of US $ 404,454 and is dependent on a continuation of both short term and long term debt financing facilities. A number of the facilities that are due to expire at or before 31 March 2018 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. The Directors consider that facilities will remain available to the Group based on current trading, current covenant compliance and ongoing discussions with the Group's primary lending consortium regarding future facilities and arrangements in respect of current borrowings. During the year the Group breached certain debt service covenant requirements in respect of loan facilities – the Group remains in active discussions with its lenders with regard to the provision of facilities.

Operational

The Group continues to generate cash flows from current operations which are further expected to increase with improved PLF in the existing 1200 MW KSK Mahanadi and Sai Wardha operations, and incremental cash flows upon expected commissioning of another two units of 600 MW each and also on account of reduction in coal procurement costs with the new coal policy called 'SHAKTI'. Also in Sai Wardha, with recent COMPAT order, the Group is confident of reduction in overall coal price and thereby increases in operating cash flow. These factors are key assumptions with regard to management's forecasts and expectations.

Legal and claims

The Group is also involved in a number of on-going legal and claim matters. These may impact on the timing of receipt and value of receivables recognised in the financial statements. For example, the Group has experienced delays and legal challenge to the settlement

FINANCIAL REVIEW

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

KSK Mahanadi, Chhattisgarh

of significant receivables, including c$220m recognized in respect of change in law claim under PPA due to fuel input considerations, which the Group has recognized in accordance with the PPA, has obtained legal advice in respect of and considered the recent ruling of Central Electrical Regulatory Commission and Hon'ble Supreme Court of India in similarly placed power projects, as such management consider the entire claim as fully recoverable and c$93m recognised in the period due to fuel supply issues from Western Coalfields Limited and Coal India Limited, wherein the Competition Appellate Tribunal and Hon'ble Competition Commission of India have ruled in favour of the Company. Notwithstanding these rulings the Group has not forecast receipt of these amounts in the going concern cashflow analysis prepared by management due to the uncertainty regarding timing of receipt. In addition the Group is subject to a number of claims, whilst the Group considers that it has a strong position of defense in respect, these proceedings may result in outflows that are not currently recognized.

Political environment

Given the country and sector of operations the Group is exposed to political uncertainties that may result in changes in government policy which may materially affect the business plans, of the Group and amounts recognised in the financial statements.

Commitments

The Group also has significant capital commitments at the period-end of which a portion is due to be met during the next 12 months, primarily in respect of on-going plant construction projects at KSK Mahanadi. However, the Group currently has also significant committed undrawn borrowing facilities, subject to certain conditions, amounting to approximately US $ 479,852 to meet its long term investment programmes. The Group has already entered in to Common Loan Agreement with the Lenders at KSK Mahanadi with respect to cost overrun debt sanctioned of US $ 892,252 and the remaining draw down of these funds of US $ 393,958 is not impacted by the current restructure negotiations or breaches on financing facilities. This will facilitate drawing the balance of the debt depending upon the investment required for construction of project and resultant surpluses of operational cash flows available to meet Group obligations.

Conclusion

Nonetheless Group monitors the situation on an on-going basis and plans alternative arrangements where possible. The outcome of the above factors is subject to material uncertainty and may impact on the timing of the strategic development of power plants, the Groups proportional equity holdings in significant projects and the going concern of the Group.However, the Directors continue to have a reasonable expectation that the Company and 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

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:

- Delay 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;
- Delay in providing necessary regulatory support and / or dispensation as may be required for timely implementation of the financing plans or regulatory constraints on financing arrangements resulting in alternate financing arrangements, which may take more time than anticipated to fructify;
- 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 is 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 under taking 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 affects 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;
- Liquidity risk, project financing and sustainable debt levels against invested equity at projects.

The last few years were extremely challenging for the power sector in India in general and for the company in specific. Thermal power plants are increasingly facing lower capacity utilization. More than one-third of India's total thermal power capacity is currently stranded and the rest is running at 55% utilization. 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

Long-term stability in policies is critical for the well-being of power sector. 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

PRINCIPAL RISKS AND UNCERTAINTIES

regulatory and government agencies in according required approvals/ clearances and adhoc policy revision has impacted the execution and operation of the project. The sector is subjected to huge amount of litigation be it land, interpretation of PPA or receivables because of uncertain policies thereby putting the domestic projects at huge disadvantage.

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 countered 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.

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. Volatility in imported coal prices and the uncertainty around cost-efficiency of domestic coal production add more concern. 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 Hon'ble 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.

Sai Wardha, Maharashtra

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
- Continuous look out for cheap imported coal
- Close hands on coordination between various ministries and agencies of government and addressing the same
- Risk management through effective contracting, supply diversification, etc.

c. PPA Related – Customer Concentration

Bankability of power purchase agreements has become a stumbling block in the power sector. 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

PRINCIPAL RISKS AND UNCERTAINTIES

- Resource planning and management
- 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 2017, the Indian Rupee depreciated phenomenally against US dollar from INR 48/US$ to INR 64.8/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
- Re-scheduling of repayment periods as per the existing policies
- 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

g. Liquidity Risks for Incremental capital expenditure and Future growth

3600 MW power project, the largest project of KSK Group, out of which 1200 MW is operational. The project 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 projects 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 stain 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 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


KSK Mahanadi, Chhattisgarh

CORPORATE SUSTAINABILITY INITIATIVES

"More than **16500** Outpatient Cardiac consultations and **3520** state of art cardiac surgeries were performed **free of cost** by June 2017"





KSK's Corporate Social Responsibility (CSR) programmes integrate community development and environmental sustainability in a holistic business operations framework. At KSK, the values of giving back to society are deeply ingrained in its philosophy of sustainable growth wherein systematically planned corporate interventions have yielded promising results and possess the potential of socio-economic transformation of its project neighbourhood communities.

KSK is firmly committed to "Bringing Dignity to Life" by assessing and bridging infrastructure gaps around its projects across India that enrich the quality of life of neighbourhood communities. KSK's socio-economic development initiatives span five thrust areas - health care, education, building healthier communities, economic development and creation of rural infrastructure.

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.

- More than 16500 Outpatient Cardiac consultations and 3520 state of art cardiac surgeries were performed free of cost by June 2017
- Thousands of rural children were screened for early detection of cardiac ailments

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.

CORPORATE SUSTAINABILITY INITIATIVES

Promoting Quality Education

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

- Scholarships were provided to 9 students pursuing ITI & Computer in Janjgir-Champa District, Chhattisgarh and 5 students in Diploma and Regular Engineering courses of Ramanathapuram District, Tamil Nadu. 30 Students of ZP High School Dondapadu are also being supported by providing stipend by Sitapuram Power Limited.
- Provided 6 Teachers Support to Govt. Schools in Villages around Sai Lilagar Power Generation Limited where teaching staff are not available and the Govt. schools are utilising private teachers support and the industries around are supporting this initiative.
- Provided school bus facility for school children from 4 villages near Sai Wardha Power project. 252 children from these villages are utilising the facility for commuting to and fro from village to school.
- Adult Education Programme was taken up under the aegis of Gram Panchayat Gurha where 12 women have enrolled and completed the lessons this year in Gurha Village, Bikaner Dist., Rajasthan
- Drinking water was supplied to schools in summer at Gurha village.
- Infrastructural support in the form of Ceiling fans to Govt. Schools, LED Flood lights to Govt. Girls hostel, Nariyara and undertaking of earth work i.e. stone dust levelling in Govt. Primary schools at Akaltara and Govt. Middle school at Rogda were undertaken.
- Supported a new initiative-e-Learning smart class in Govt. Primary School at Taurod.
- Supported 291 financially disadvantaged children studying in Govt. schools at Ramanathapuram, Sai Regency Power Corporation site and in the Villages around Sai Wardha Power Project, Warora with Text &Note Books and School uniforms, school bags, shoes, sweaters and lunch boxes.

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:

- 226 regular health camps and 1 Mega Health camp have been organised where basic medication was provided free of cost benefitting 14,044 patients in and around villages of KSK Mahanadi Power project and Sai Wardha Power Project.
- Provided Emergency Ambulance services to 339 patients in and around villages of KSK Mahanadi Power project.
- Provided ECG equipment's for new ECG centre, Gynaec table, Inverter and steel chairs for the Health centres in Villages around KSK Mahanadi Power project.
- Conducted Safety awareness for community, staff and contract workers, vendors at Sai Wardha Power Project site and in specific, a LPG cylinder safety camp was conducted for women of the Villages in which 65 home makers have participated.
- As a special case a teenaged boy Master Yuvraj from a Tribal community, was referred to Sri Satya Sai Sanjeevani Hospital Raipur for further treatment and Mr Ashutosh Singh Thakur was also provided financial support for his medical treatment.

Facilitating Environment and Economic development of Communities

The group believes that environment development and socio-economic empowerment of communities alone can help us to 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.

- In tandem to efforts of the state government, participating in their schemes such as Mukhya Mantri Jalswalamban Abhiyan, where earth works were taken up to revive the existing water bodies such as tanks, ponds etc., this initiative in Gurha village of Bikaner has explicit results.

CORPORATE SUSTAINABILITY INITIATIVES

- 14,315 tree saplings were planted in land measuring 4.56 hectares and 2,540 hybrid fruits saplings were distributed to communities and to some of the SHGs in and around the Villages of KSK Mahanadi Power Project.
- Apart from this, financial support was provided to Indian Institute of Handloom Technology-Champa for plantation of 1000 saplings in their campus area.
- A very innovative joint effort was taken up with the Agricultural Department where training to farmers was provided in farming technology, quality control, marketing and better pricing for their produce in Bikaner.

Developing Community Infrastructure

- We are committed to developing / renewing common Property resources that are critical for the 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:

- Under **"Nal Jal Yojana"** pipeline (G.I Pipes) measuring 4,204 meters were laid in the villages around KSK Mahanadi Power Project for providing safe drinking water.
- 1,730 meters of CC road & WBM Road was laid in villages around KSK Mahanadi Power Project.
- Installed 6 new submersible pump sets for providing drinking water in the villages around KSK Mahanadi Power Project.
- Repairs and Maintenance of 1 Submersible pump and 23 Hand pumps have been carried out to ensure the availability of drinking water in the villages around KSK Mahanadi Power Project.
- Community property built & important constructions in the villages around KSK Mahanadi Power project are :
    - 306 meter boundary wall around Mangal bhavan & Community building Ward no-10 of Nariyara.
    - Construction of concrete shed in Muktidham at Nariyara.
    - Kanji house construction at Nariyara.
    - Provided support for Shed construction in play ground in Taurod.
    - 3 Pump houses in Ward no-1, 19 & 20 in Nariyara.
    - Construction of Mini stadium at Taurod.
    - New Veterinary hospital building along with boundary wall near bus stand at Nariyara.
    - Installation of LED flood lights at Govt. Girls Hostel – Nariyara.
- A Water Hut was constructed in Lakshar village, Bikaner.
- Donated land for construction of Panchayat office at Dondapadu by Sitapuram Power Ltd., and also contributed for construction of CC road in Dondapadu village.

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 a helping hand in the hour of need. The outcome during the year is as follows:

- Regular annual festivals like Mulaipari and Pongal were grandly celebrated in Kalugoorani village, Ramanathapuram district, Tamil Nadu.
- De Addiction programme started in 2015 has become an ongoing activity continued this year too at Sai Wardha Project site where staff conducts the awareness program at community level, workplace and educational institutions.
- Supported 59 pooja samithi's from 11 Villages around KSK Mahanadi Power Project for Durga Pooja & Vijayadashami festivals .
- Provided Fire brigade services to the surrounding villages of KSK Mahanadi Power Project.
- Supported Pranpratishta Samaroh of Hanuman at Amora, KSK Mahanadi.
- Supported conducting of a Cricket Tournament at Murlideeh and Pakariya villages near KSK Mahanadi Power Project Site.
- Support to Sadguru Kabir Sat Sang Samaroh at Donga Khaurod at KSK Mahanadi Power Project Site.
- Financial aid to district administration (Janjgir-Champa, Chhattisgarh) for celebrating **"Armed Forces Flag Day"** i.e. 7th December.
- Co-sponsored district Paralympics union for conducting 4th District Level Swimming Competition for disabled people at Akaltara, KSK Mahandi Power Project. (133 participants)
- Supported Kabbadi tournament at Mohabala of Sai Wardha Power Project.
- Sant Tukdoji Haharay Punyathithi was celebrated at Vanoja of Sai Wardha Power Project.
- Support to community for Chennai Flood relief efforts like providing Napkins, Mosquito repellents, Food supply, Bleaching powder etc.
- Financial support to Yoga Saras Educational Academy for Mid-Day Meal scheme for the Year 2016-17.
- Financial support to the annual festival celebrations at Sri Prasantha Shirdi Alaya, Sri Tirupatammavari devalayam and Sri Nageshwaraswamy Santana Nagalakshmi temple and special occasions like Hanuman Jayanti, Sivaratri, Sri Rama Navami and Tripupatammavari jatara in Dondapadu, Nalagonda, Telengana.

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 communities and society at large to contribute to the sustainability of those communities.

BOARD OF DIRECTORS

Basantpur Barrage, Chhattisgarh

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. 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 also advised 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 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.

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 Ltd, Brown & Root Ltd, and Kvaerner Engineering & Construction Ltd. He is currently Executive Chairman of Regal Petroleum plc.

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 Sterling Energy plc; and Non-Executive Director of First Calgary Petroleums plc and Enterprise Oil plc. For several years, he was also a Non-Executive Director of Punj Lloyd Group, the Bombay Stock Exchange quoted engineering and construction company based in Delhi.

BOARD OF DIRECTORS

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.

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.

DIRECTORS' REPORT

The Directors of KSK Power Ventur plc are pleased to present this Directors' Report along with the audited financial statements of the Company and of the Group for the year ended 31 March 2017.

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 and solar based power plants, as well as hydroelectric power plants. The Group has an operational capacity of 2072 MW with a further 1.2 GW of the 3.6 GW coal fired KSK Mahanadi plant due to be commissioned progressively in coming years over the next few months increasing the operating base to 3272 MW.

The Company's power plants portfolio include KSK Mahanadi (3,600 MW of which 1200 MW operational), Sai Wardha (540 MW), VS Lignite (135 MW), Sai Regency (58 MW), Sai Lilagar (86 MW), Sitapuram Power (43 MW) and Sai Maithili (10 MW Solar).

A full review of the Group's activities during 2016-17 can be found in the following sections of this Annual Report.

- Chairman's Statement
- Market Overview
- Operations and Financial Review
- Principal Risks and Uncertainties
- Corporate 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 of India (NSE) and the BSE Limited (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 31 March 2017 are set out in the attached financial statements. The Directors do not intend to recommend payment of dividend for the year 2016-17.

Authority to Purchase Own Shares

The Board was authorised by a resolution of shareholders passed on 29 September 2016 to purchase upto 10% of the issued ordinary share capital of the Company. The authority will expire at the ensuing Annual General Meeting and a resolution to renew the authority for another year would be proposed. No purchase of shares by the Company has occurred during the year ended 31 March 2017.

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 financial year and through the date of this report were as below:

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

The biographies of the Directors are set out in this report under Board of Directors.

DIRECTORS' 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.

Re-election of Directors

In accordance with the Articles of Association of the Company, Mr. Keith Henry and Mr. Vladimir Dlouhy retire by rotation at the next Annual General Meeting of the Company and being eligible, offer themselves for re-election.

Mr. T. L. Sankar and Mr. S. R. Iyer have served more than nine years as Non-Executive Independent Directors on the Board. As per the requirement of Combined Code's they are subject to annual re-election. The Board on the recommendation of Nomination Committee and considering their experience and informed debate during the Board & Committee meetings recommend their continuation as Non-Executive Independent Directors for a further period of one year.

Biographical details for Mr. Keith Henry, Mr. Vladimir Dlouhy, Mr. T. L. Sankar and Mr. S. R. Iyer are set out in this report under Board of Directors.

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	19,515,589	11.13
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. Company law requires the Directors to prepare financial statements for each financial year, which meet the requirements of Isle of Man company law. In addition, 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 Group and parent Company and of the profit or loss of the Group 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 been 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 Group and parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and to ensure that its 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 Group 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.

Going Concern

The details on going concern are provided in note no. 1.5 of Financial Overview 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 the 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 2017(Amount in USD)	Annual Director's fees for year ended 31 March 2016(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. 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.

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

Director	Indian Rupees	Equivalent USD
Mr. K. A. Sastry (Executive Director)	9,000,000	138,717
Mr. S. Kishore (Executive Director)	9,000,000	138,717

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 entitled 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 -95.25P

Low for the year -37.00P

Close for the year- 58.00P

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 INR 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, Mr. Keith N Henry, (the Non-Executive Directors), in view of the non-executive nature of the directorships, other than the service contract with Mr. Keith N Henry with a monthly remuneration of USD 6000, 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 REPORT

The Company believes that maintaining the highest standards of Corporate Governance is to facilitate effective, prudent management that will contribute towards achieving long term success. The Company supports the highest standards of Corporate Governance and is committed to ensuring that the highest level of governance is achieved.

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 firm 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 recognises material aspects of the UK Corporate Governance Code (the "Code"). The Company has an effective Board with robust and effective governance policies in place.

Board and its committees

BOARD OF DIRECTORS

Audit Committee	Remuneration Committee	Nomination Committee	Finance and Authorisation Committee
Responsible for wide range of financial matters. Monitors the controls in place to ensure the integrity of the financial information published	Makes recommendations on overall remuneration packages, terms of employment of directors to ensure delivery of business strategy	Makes recommendations on structure, size and composition of the Board and to retain the right mixture of experience and talent on the Board	Discharges certain functions based on the powers delegated by the Board for operational convenience
Chairman Mr. S. R. Iyer	**Chairman** Mr. Vladimir Dlouhy	**Chairman** Mr. T. L. Sankar	**Chairman** Mr. T. L. Sankar
Members Mr. T.L. Sankar Mr. Vladimir Dlouhy Mr. Abhay M Nalawade	**Members** Mr. T. L. Sankar Mr. S.R. Iyer Mr. Abhay M Nalawade	**Members** Mr. S. R. Iyer Mr. Vladimir Dlouhy	**Members** Mr. K. A. Sastry Mr. S. Kishore
More on page No.46	**More** on page No. 47	**More** on page No. 47	**More** on page No. 47

Board of Directors' composition and Board Balance

The board's role is to provide entrepreneurial leadership of the company in delivering the long term goals 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.

Composition

There are seven directors currently on the Board, of whom one is independent Non-Executive Chairman, four are Independent Non-Executive Directors and two are 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 the 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, the Non-Executive Chairman has independent discussion with the other Independent 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 between meetings 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 2016-17.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Meetings held during 2016-17	**4**	**3**	**2**	**2**
	Meetings attended	**Meetings attended**	**Meetings attended**	**Meetings attended**
Mr. T. L. Sankar	4	3	2	2
Mr. S. R. Iyer	4	3	2	2
Mr. Vladimir Dlouhy	4	3	2	2
Mr. Abhay Nalawade	4	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	4	n/a	n/a	n/a

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

CORPORATE GOVERNANCE REPORT

Role of the Board

The Board of Directors is collectively responsible for the 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
- 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, 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 is responsible for making 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 contact through the normal channels of chairman, chief executive or other executive directors has failed to resolve or for which such contact is 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 have terms of reference under which authority is delegated by the Board.

Audit Committee

The Audit Committee is responsible for a wide range of financial matters, 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. It will meet at least three times a year.

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.

CORPORATE GOVERNANCE REPORT

VS Lignite, Rajasthan

Remuneration Committee

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 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.

Finance and Authorisation Committee

The Finance and Authorisation Committee meets on requirement basis and exercises the powers which are delegated by the Board for operational convenience.

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


Sai Maithili, Rajasthan

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.

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

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 2017 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 is 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

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 2017 which comprise the Consolidated and Company Statements of Financial Position, Consolidated and Company Income Statements, the Consolidated and Company Statements of Other Comprehensive Income, the Consolidated and Company Changes in Equity and the Consolidated and Company Statements of Cash Flows 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 Parent Company's affairs as at 31 March 2017 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.5 to the financial statements concerning the Group's and the parent company's ability to continue as a going concern. The Group are seeking additional equity financing and/or debt restructure in respect of a number of its principal power generating projects in order to stabilise the financial performance and position of the Group. However, there can be no certainty as to the outcome of these negotiations or the impact on the finances of the Group. These conditions, along with the other matters explained in note 1.5 to the financial statements, indicate the existence of a material uncertainty which may cast doubt on the Group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the parent company were unable to continue as a going concern.

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

Date: 26 July 2017

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

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

		Consolidated		Company	
	Notes	2017	2016	2017	2016
ASSETS					
Non-current					
Property, plant and equipment, net	8	3,736,864	3,370,932	-	-
Intangible assets and goodwill	9	11,495	11,382	-	-
Investments and other financial assets	10	103,261	100,828	373,890	382,820
Other non-current assets	11	60,390	52,620	-	-
Trade and other receivables	12	2,717	2,593	-	-
Deferred tax asset	27	167,951	141,327	-	-
		4,082,678	**3,679,682**	**373,890**	**382,820**
Current					
Investments and other financial assets	10	158,256	49,623	87	-
Other current assets	11	103,008	85,870	111	108
Trade and other receivables	12	457,018	367,139	-	-
Inventories	13	29,258	38,891	-	-
Cash and short-term deposits	14	105,079	122,800	969	1,194
		852,619	**664,323**	**1,167**	**1,302**
Total assets		**4,935,297**	**4,344,005**	**375,057**	**384,122**
EQUITY AND LIABILITIES					
Issued capital	15	289	289	289	289
Share premium	15	287,191	287,191	287,191	287,191
Foreign currency translation reserve	15	(143,123)	(147,152)	(477)	4,761
Revaluation reserve	15	1,352	1,385	-	-
Capital redemption reserve	15	16,045	16,045	-	-
Other reserves	15	102,578	146,234	185	169
Retained earnings	15	(175,303)	(56,670)	(32,255)	(25,589)
Equity attributable to owners of the Company		**89,029**	**247,322**	**254,933**	**266,821**
Non-controlling interests		185,227	168,418	-	-
Total equity		**274,256**	**415,740**	**254,933**	**266,821**

		Consolidated		Company	
	Notes	2017	2016	2017	2016
Non-current liabilities					
Loans and borrowings	16	3,267,005	2,700,202	-	-
Other non-current financial liabilities	17	13,815	23,239	-	-
Trade and other payables	18	64,961	30,496	-	-
Provisions	19	9,376	8,868	-	-
Deferred revenue	20	2,205	2,556	-	-
Employee benefit liability	21	1,177	1,057	-	-
Deferred tax liabilities	27	45,429	37,596	-	-
		3,403,968	**2,804,014**	**-**	**-**
Current liabilities					
Loans and borrowings	16	598,827	623,600	118,921	115,798
Other current financial liabilities	17	7,636	6,098	-	-
Trade and other payables	18	648,733	493,099	1,203	1,503
Deferred revenue	20	219	211	-	-
Taxes payable		1,658	1,243	-	-
		1,257,073	**1,124,251**	**120,124**	**117,301**
Total liabilities		**4,661,041**	**3,928,265**	**120,124**	**117,301**
Total equity and liabilities		**4,935,297**	**4,344,005**	**375,057**	**384,122**

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

Approved by the Board of Directors on 26 July 2017 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	2017	2016	2017	2016
Revenue	22	591,258	674,547	-	-
Cost of revenue	23	(446,415)	(443,211)	-	-
Gross profit		**144,843**	**231,336**	**-**	**-**
Other operating income	24	95,667	1,675	-	-
Distribution costs		(3,719)	(8,640)	-	-
General and administrative expenses		(58,240)	(63,905)	(735)	(1,688)
Operating profit / (loss)		**178,551**	**160,466**	**(735)**	**(1,688)**
Finance costs	25	(360,244)	(296,470)	(5,931)	(4,974)
Finance income	26	7,694	26,336	-	-
Loss before tax		**(173,999)**	**(109,668)**	**(6,666)**	**(6,662)**
Income tax	27	15,103	14,064	-	-
Loss for the year		**(158,896)**	**(95,604)**	**(6,666)**	**(6,662)**
Attributable to:					
Owners of the Company		(120,600)	(72,922)	(6,666)	(6,662)
Non-controlling interests		(38,296)	(22,682)	-	-
		(158,896)	**(95,604)**	**(6,666)**	**(6,662)**
(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 $)		(0.69)	(0.42)		

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

Approved by the Board of Directors on 26 July 2017 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	
	2017	2016	2017	2016
Loss for the year	**(158,896)**	**(95,604)**	**(6,666)**	**(6,662)**
Items that will never be reclassified to income statement				
Re-measurement of defined benefit liability	76	(114)	-	-
Income tax relating to re-measurement of defined benefit liability	(22)	19	-	-
	54	**(95)**	**-**	**-**
Items that are or may be reclassified subsequently to income statement				
Foreign currency translation differences	8,046	(28,412)	(5,238)	237
Available-for-sale financial assets				
- current year gain / (loss)	(241)	(116)	-	-
- reclassification to income statement	(11)	163	-	-
Income tax relating to available for sale financial asset	-	(456)	-	-
	7,794	**(28,821)**	**(5,238)**	**237**
Other comprehensive income/ (expense), net of tax	**7,848**	**(28,916)**	**(5,238)**	**237**
Total comprehensive expense for the year	**(151,048)**	**(124,520)**	**(11,904)**	**(6,425)**
Attributable to:				
Owners of the Company	(116,664)	(91,017)	(11,904)	(6,425)
Non-controlling interests	(34,384)	(33,503)	-	-
	(151,048)	**(124,520)**	**(11,904)**	**(6,425)**

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

Approved by the Board of Directors on 26 July 2017 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 2016
(All amounts in thousands of US $, unless otherwise stated)

	Attributable to owners of 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**

	Attributable to owners of 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) / gain	-	-	-	-	-	-	(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 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 Consolidated 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 2017
(All amounts in thousands of US $, unless otherwise stated)

	Attributable to owners of Company									
	Issued capital	Share premium	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non - controlling interests	Total equity
As at 1 April 2016	**289**	**287,191**	**(147,152)**	**1,385**	**16,045**	**146,234**	**(56,670)**	**247,322**	**168,418**	**415,740**
Change in non-controlling interests without change in control (refer note 6)	-	-	-	-	-	(43,579)	-	**(43,579)**	53,127	**9,548**
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-	-	1,934	**1,934**	(1,934)	**-**
Equity-settled share based payment	-	-	-	-	-	16	-	**16**	-	**16**
Net depreciation transfer for property, plant and equipment	-	-	-	(33)	-	-	33	**-**	-	**-**
Transaction with owners	**-**	**-**	**-**	**(33)**	**-**	**(43,563)**	**1,967**	**(41,629)**	**51,193**	**9,564**
Loss for the year	-	-	-	-	-	-	(120,600)	**(120,600)**	(38,296)	**(158,896)**
Other comprehensive income										
Items that will never be reclassified to income statement										
Re-measurement of defined benefit liability	-	-	-	-	-	73	-	**73**	3	**76**
Income tax relating to re-measurement of defined benefit liability	-	-	-	-	-	(22)	-	**(22)**	-	**(22)**
Items that are or may be reclassified subsequently to income statement										
Foreign currency translation differences	-	-	4,029	-	-	-	-	**4,029**	4,017	**8,046**
Available-for-sale financial assets										
- current year (loss) /gain	-	-	-	-	-	(133)	-	**(133)**	(108)	**(241)**
- reclassification to profit or loss	-	-	-	-	-	(11)	-	**(11)**	-	**(11)**
Total comprehensive income / (expenses) for the year	**-**	**-**	**4,029**	**-**	**-**	**(93)**	**(120,600)**	**(116,664)**	**(34,384)**	**(151,048)**
Balance as at 31 March 2017	**289**	**287,191**	**(143,123)**	**1,352**	**16,045**	**102,578**	**(175,303)**	**89,029**	**185,227**	**274,256**

(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 Consolidated 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 2017
(All amounts in thousands of US $, unless otherwise stated)

	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Other reserve	Retained earnings	Total Equity
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**
As at 1 April 2016	**289**	**287,191**	**-**	**4,761**	**169**	**(25,589)**	**266,821**
Equity-settled share based payment	-	-	-	-	16	-	**16**
Transaction with owners	**-**	**-**	**-**	**-**	**16**	**-**	**16**
Loss for the year	-	-	-	-	-	(6,666)	**(6,666)**
Other comprehensive income							
Foreign currency translation differences	-	-	-	(5,238)	-	-	**(5,238)**
Total comprehensive expense for the year	**-**	**-**	**-**	**(5,238)**	**-**	**(6,666)**	**(11,904)**
Balance as at 31 March 2017	**289**	**287,191**	**-**	**(477)**	**185**	**(32,255)**	**254,933**

(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	
	2017	**2016**	**2017**	**2016**
Cash inflow / (outflow) from operating activities				
Loss before tax	(173,999)	(109,668)	(6,666)	(6,662)
Adjustment				
Depreciation and amortization	100,478	91,068	-	-
Finance cost	361,252	317,817	6,112	8,212
Finance income	(7,694)	(15,773)	-	-
Provision and impairment of trade receivable, PPE and other receivable	15,062	29,353	-	912
(Profit) / loss on sale of fixed assets, net	(230)	5	-	-
Others	(28)	(182)	9	(65)
Change in				
Trade receivables and unbilled revenue	(107,925)	(222,093)	-	-
Inventories	9,633	(6,438)	-	-
Other assets	(130,042)	(12,111)	(17)	214
Trade payables and other liabilities	72,278	71,699	48	260
Provisions and employee benefit liability	(188)	346	-	-
Cash generated from / (used in) operating activities	**138,597**	**144,023**	**(514)**	**2,871**
Taxes refund, net	5,836	80	-	-
Net cash provided by / (used in) operating activities	**144,433**	**144,103**	**(514)**	**2,871**
Cash inflow / (outflow) from investing activities				
Movement in restricted cash, net	23,281	50,487	-	-
Purchase of property, plant and equipment and other non-current assets	(188,637)	(58,518)	-	-
Proceeds from sale of property, plant and equipment	4,110	2,605	-	-
Purchase of financial assets	(20,039)	(4,910)	-	-
Proceeds from sale of financial assets	65	8,541	296	17,826
Dividend received	107	417	-	-
Interest income received	11,893	14,099	-	-
Net cash (used in) / provided by investing activities	**(169,220)**	**12,721**	**296**	**17,826**

	Consolidated		Company	
	2017	2016	2017	2016
Cash inflow / (outflow) from financing activities				
Proceeds from borrowings	713,642	501,317	2,958	52,843
Repayment of borrowings	(219,914)	(276,115)	-	(51,609)
Finance costs paid	(483,091)	(377,058)	(2,785)	(2,286)
Payment of derivative liabilities	(9,523)	(9,333)	-	-
Advance received for sale of investment	25,239	4,024	-	-
Net proceeds from issue of shares and share application money in subsidiary to non-controlling interest	1,818	2,984	-	-
Net refund of share application money	-	(16,498)	-	(16,498)
Net cash flow (used in) / provided by financing activities	**28,171**	**(170,679)**	**173**	**(17,550)**
Effect of exchange rate changes	2,176	(10,854)	(180)	(3,018)
Net increase / (decrease) in cash and cash equivalent	**5,560**	**(24,709)**	**(225)**	**129**
Cash and cash equivalents at the beginning of the year	16,024	40,733	1,194	1,065
Cash and cash equivalents at the end of the year (refer note 14)	**21,584**	**16,024**	**969**	**1,194**

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

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2017
(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 have 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 26 July 2017.

1.4. Financial period

The Consolidated and Company financial statements cover the period from 1 April 2016 to 31 March 2017, with comparative figures from 1 April 2015 to 31 March 2016.

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:

These 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. This is based on the Group's assessment of the business, sectoral developments, underlying economic environment as well as approach towards addressing the business challenges faced by operating assets to achieve optimistic solutions thereto. The Group is making cautious efforts to preserve and maximize the economic value of the underlying power generation assets and recognizes that dilution of equity interest at some of these power plants could be the potential outcome and with support from the project stakeholders at each of such assets it would be able to address the requirements of Going Concern at each of the same. However, the Group is exposed to a number of operational, legal, financial, economic and political risks, including:

Capital structure

The Group is seeking additional equity financing and/or debt restructuring in respect of the KSK Mahanadi and other key power plant projects in order to stabilise the projects development and the Groups financing and operating obligations. The Group is currently pursuing a number of avenues in this regard and expects positive outcomes during late 2017. It is anticipated by management that a number of the financing facilities will be restructured during the next 12 months and that the Group's proportion of equity holdings in significant projects may be diluted as a result of these initiatives. However there can be no certainty as to the outcome of these negotiations or the impact on the finances of the Group.

Financial

The Group requires funds for both short term operational needs as well as for long term investment programs, mainly in construction projects for its power plants. As at 31 March 2017, the Group has net current liabilities of US $ 404,454 and is dependent on a continuation of both short term and long term debt financing facilities. A number of the facilities that are due to expire at or before 31 March 2018 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. The Directors consider that facilities will remain available to the Group based on current trading, current covenant compliance and ongoing discussions with the Group's primary lending consortium regarding future facilities and arrangements in respect of current borrowings. During the year the Group breached certain debt service covenant requirements in respect of loan facilities – the Group remains in active discussions with its lenders with regard to the provision of facilities.

Operational

The Group continues to generate cash flows from current operations which are further expected to increase with improved PLF in the existing 1200 MW KSK Mahanadi and Sai Wardha operations, and incremental cash flows upon expected commissioning of another two units of 600 MW each and also on account of reduction in coal procurement costs with the new coal policy called 'SHAKTI'. Also in Sai Wardha, with recent COMPAT order, the Group is confident of reduction in overall coal price and thereby increases in operating cash flow. These factors are key assumptions with regard to management's forecasts and expectations.

Legal and claims

The Group is also involved in a number of on-going legal and claim matters. These may impact on the timing of receipt and value of receivables recognised in the financial statements. For example, the Group has experienced delays and legal challenge to the settlement

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of significant receivables, including c$220m recognized in respect of change in law claim under PPA due to fuel input considerations, which the Group has recognized in accordance with the PPA, has obtained legal advice in respect of and considered the recent ruling of Central Electrical Regulatory Commission and Honorable Supreme Court of India in similarly placed power projects, as such management consider the entire claim as fully recoverable, and c$93m recognized in the period due to fuel supply issues from Western Coalfields Limited and Coal India Limited, wherein the Competition Appellate Tribunal and Honorable Competition Commission of India have ruled in favour of the Company. Notwithstanding these rulings the Group has not forecast receipt of these amounts in the going concern cashflow analysis prepared by management due to the uncertainty regarding timing of receipt. In addition the Group is subject to a number of claims, whilst the Group considers that it has a strong position of defense in respect, these proceedings may result in outflows that are not currently recognized. For further details refer to note 29(e).

Political environment

Given the country and sector of operations the Group is exposed to political uncertainties that may result in changes in government policy which may materially affect the business plans, of the Group and amounts recognised in the financial statements.

Commitments

The Group also has significant capital commitments at the period-end of which a portion is due to be met during the next 12 months, primarily in respect of on-going plant construction projects at KSK Mahanadi. However, the Group currently has also significant committed undrawn borrowing facilities, subject to certain conditions, amounting to approximately US $ 479,852 to meet its long term investment programmes. The Group has already entered in to Common Loan Agreement with the Lenders at KSK Mahanadi with respect to cost overrun debt sanctioned of US $ 892,252 and the remaining draw down of these funds of US $ 393,958 is not impacted by the current restructure negotiations or breaches on financing facilities. This will facilitate drawing the balance of the debt depending upon the investment required for construction of project and resultant surpluses of operational cash flows available to meet Group obligations.

Conclusion

Nonetheless Group monitors the situation on an on-going basis and plans alternative arrangements where possible. The outcome of the above factors is subject to material uncertainty and may impact on the timing of the strategic development of power plants, the Groups proportional equity holdings in significant projects and the going concern of the Group.

However, the Directors continue to have a reasonable expectation that the Company and 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.

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	
		2017	2016			2017	2016
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
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	India	KGEPL	-	100.00
KSK Wind Power Sankonahatti Athni Private Limited ('KWPSAPL')	Power generation	-	100.00	India	KGEPL	-	100.00
KSK Wind Energy Mothalli Haveri Private Limited ('KWEMHPL')	Power generation	-	100.00	India	KGEPL	-	100.00
KSK Wind Energy ShiggaonHaveri 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

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Subsidiaries	Principal activities	The Company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		2017	2016			2017	2016
KSK Wind Energy Tirupur Udumalpet Private Limited ('KWETUPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
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')	Project development Company	57.83	68.17	India	KEL	37.07	45.03
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	India	KECPL	-	64.10
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	82.56	86.30	India	KECPL	51.00	51.00
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

Subsidiaries	Principal activities	The Company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		2017	2016			2017	2016
KSK Wind Power Aminabhavi Chikodi Private Limited ('KWPACPL')	Power generation	57.83	77.73	India	KEVL	69.95	69.95
KSK Vidarbha Power Company Private Limited, ('KVPCPL')	Power generation generation	57.83	68.17	India	KEVL	100.00	100.00
KSK Narmada Power Company Private Limited ('KNPCPL')	Power generation	57.83	68.17	India	KEVL	100.00	100.00
KSK Wind Energy Private Limited ('KWEPL')	Power generation	57.83	68.17	India	KEVL	100.00	100.00
KSK Surya Photovoltaic Venture Limited ('KSPVL')	Power generation	53.92	63.57	India	KEVL	93.23	93.23
KSK Wardha Infrastructure Private Limited ('KWAIPL')	Exploration of natural / mineral resources	57.83	68.17	India	KEVL	100.00	100.00
KSK Dibbin Hydro Power Private Limited ('KDHPPL')	Power generation	40.48	47.72	India	KEVL	70.00	70.00
Kameng Dam Hydro Power Limited ('KDHPL')	Power generation	57.83	68.17	India	KEVL	100.00	100.00
KSK Upper Subansiri Hydro Energy Limited ('KUSHEL')	Power generation	57.83	68.17	India	KEVL	100.00	100.00
KSK Jameri Hydro Power Private Limited ('KJHPPL')	Power generation	57.83	68.17	India	KEVL	100.00	100.00
KSK Dinchang Power Company Private Limited ('KDPCPL')	Power generation	57.83	68.17	India	KEVL	100.00	100.00
Tila Karnali Hydro Electric Company Private Limited ('TKHECPL')	Power generation	46.26	54.54	Nepal	KEVL	80.00	80.00
Bheri Hydro Power Company Private Limited ('BHPCPL')	Power generation	57.25	67.49	Nepal	KEVL	99.00	99.00
KSK Mahanadi Power Company Limited ('KMPCL')	Power generation	64.40	72.05	India	KEVL	77.00	77.54
KSK Electricity Financing India Private Limited ('KEFIPL')	Investment / Financing company	57.83	68.17	India	KEVL	100.00	100.00
Sai Regency Power Corporation Private Limited ('SRPCPL')	Power generation	46.09	54.33	India	KEFIPL	73.92	73.92

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Subsidiaries	Principal activities	The Company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		2017	2016			2017	2016
Sai Lilagar Power Generation Limited ('SLPGL') (formerly Sai Lilagar Power Limited (SLPL))	Power generation	57.83	68.17	India	KEFIPL	100.00	100.00
VS Lignite Power Private Limited ('VSLPPL')	Power generation	48.43	57.09	India	KEFIPL	83.75	83.75
Sai Wardha Power Generation Limited ('SWPGL')	Power generation	50.31	59.31	India	KEFIPL	74.00	74.00
KSK Wind Energy Halagali Benchi Private Limited ('KWEHBPL')	Power generation	57.99	-	India	KEFIPL	99.61	-
KSK Wind Power Sankonahatti Athni Private Limited ('KWPSAPL')	Power generation	57.99	-	India	KEFIPL	99.61	-
KSK Wind Energy Mothalli Haveri Private Limited ('KWEMHPL')	Power generation	57.99	-	India	KEFIPL	99.61	-
Global Coal Sourcing Plc (GCSP) (formerly KSK Green Power plc ('KGPP'))	Coal sourcing company	57.83	68.17	Isle of Man	SLPGL	100.00	100.00
KSK Water Infrastructures Private Limited ('KWIPL')	Water supply facility	77.70	-	India	KMPCL	62.64	-
Sai Power Pte Ltd ('SPPL')	Coal sourcing company	64.40	72.05	Singapore	KMPCL	100.00	100.00
Sai Maithili Power Company Private Limited ('SMPCPL')	Power generation	62.13	68.94	India	VSLPPL	52.00	52.00
Field Mining and Ispats Limited ('FMIL')	Exploration of natural / mineral resources.	42.75	50.40	India	SWPGL	84.98	84.98

(b) Joint operation

Joint operation	Venturer	Principal place of business	% shareholding	
			2017	2016
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 2017, the Group hold 99.87% (2016: 99.87%) 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% (2016: 99.87%) 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 2016, 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 2016.

- **IFRS 14 – Regulatory Deferral Accounts:** IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and Other Comprehensive Income ('OCI'). The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is not subject to any rate regulation and is an existing IFRS preparer, this standard would not apply.

- **IFRS 11 – Accounting for acquisition of interest in Joint Operations (Amendments):**The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

- **IAS 16 & IAS 38 – Clarification of Acceptable Methods of Depreciations and Amortisation (Amendments):** The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- **IAS 16 & IAS 41 – Agriculture: Bearer Plant (Amendments):** The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

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- **IAS 27 - Equity method in Separate Financial Statements (Amendments):** The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.
- **IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception (Amendments):** The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

  Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

  These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.
- **IAS 1 - Disclosure Initiative (Amendments):** The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
  - The materiality requirements in IAS 1
  - That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.
- **Annual Improvements 2012-2014 Cycle:** These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

  IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

  IFRS 7 Financial Instruments: Disclosures

  Servicing contracts: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments

Applicability of the amendments to IFRS 7 to condensed interim financial statements: The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting: The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments are not expected to have any impact on the Group.

3. Standards and interpretations not yet applied

At the date of authorisation of these Consolidated financial 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
IAS 7	Disclosure Initiative (Amendments)	1 January 2017
IAS 12	Recognition of deferred tax asset for unrealised losses	1 January 2017
IFRS 12	Annual improvement to IFRSs 2014-2016	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 2	Share - based payment transaction	1 January 2018
IFRS 4	Insurance Amendments	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.

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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 2017.

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 off 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 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,

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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 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 period 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.

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 counterparty 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.

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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.

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 consolidated 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 Consolidated income 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

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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 consolidated 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 consolidated 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.

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.

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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.

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 consolidated 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.

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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(e)(i) to 29(e)(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);

- *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.

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.

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

Dilution in KSK Energy Ventures Limited

During the year ended 31March 2017, 43,840,496 equity shares in KSK Energy Ventures Limited ("KEVL") were sold to non - controlling interest. Pursuant to this the economic interest of the Group in KEVL has decreased from 68.17 percent to 57.83 percent resulting in a 10.34 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. The difference of US $ 34,514, between the fair value of the net consideration received US $ 7,702 and the amount by which the non-controlling interest are adjusted US $ 42,216, is debited to 'Other reserve' within consolidated statement of changes in equity and attributed to the owners of the Company.

Forfeiture of share warrant

During the 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.

During the year ended 31 March 2017, KPHL has not exercised the right of conversion of balance 69,856,800 warrants resulting in forfeiture of the same. 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 $ 8,195 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.

Acquisition in KSK Mahanadi Power Company Limited

During the year ended 31 March 2017, the Group has issued additional 62,000,000 equity shares in KSK Mahanadi Power Company Limited ("KMPCL") to KSK Energy Ventures Limited ("KEVL") and 97,360,000 equity shares to KSK Energy Company Private Limited ("KECPL") at a face value of Rs 10 (US $ 0.16) at par.

Pursuant to above, the economic interest of the Group in KMPCL increased by 2.69 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 $ 454 by which the non controlling interest is adjusted, is debited to 'other reserve' within Consolidated statement of changes in equity and attributed to the owners of the company.

Dilution of KSK Water Infrastructure Private Limited

During the year ended 31 March 2017, the Group has transferred 30,000,000 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 4.62 percent in 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 $ 452 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.

Dilution of KSK Wind Energy Halagali Benchi Private Limited ('KWEHBPL'),KSK Wind Power Sankonahatti Athni Private Limited ('KWPSAPL') and KSK Wind Energy Mothalli Haveri Private Limited ('KWEMHPL')

During the year ended 31 March 2017, the Group has transferred 2,563,254 equity shares of Rs 10 (US $ 0.16) at par in KWEHBPL, 2,544,485 equity shares of Rs 10 (US $ 0.16) at par in KWEMHPL, 2,544,481 equity shares of Rs 10 (US $ 0.16) at par in KWPSAPL held by KSK Green Energy Pte Limited to KSK Electricity Financing India Private Limited.

Pursuant to above, the economic interest of the Group in KWEHBPL, KWEMHPL and KWPSAPL decreased by 31.83 percent each in subsidiaries 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 $ 755 by which the non-controlling interest is adjusted, isdebited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the company.

Dilution of KSK Wind Power Aminabhavi Chikodi Private Limited ('KWPACPL')

During the year ended 31 March 2017, the Group has transferred 773,254 equity shares of Rs 10 (US $ 0.16) at par in KWPACPL held by KSK Green Energy Pte Limited to KSK Electricity Financing India Private Limited.

Pursuant to above, the economic interest of the Group in KWPACPL decreased by 9.56 percent 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 $ 111 by which the non-controlling interest is adjusted, is debited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the company.

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 Consolidated financial statements lists details of the interests in the subsidiaries.

Non-controlling interests that are material to the Group relate to Sai Wardha Power Generation Limited ('SWPGL'), 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 (%)	
		2017	2016
SWPGL	India	49.69	40.69
VSLPPL	India	51.57	42.91
SRPCPL	India	53.91	45.67
KMPCL	India	35.60	27.95

Profit / (loss) attributable to NCI	2017	2016
SWPGL	2,447	(20,310)
VSLPPL	(12,053)	(8,868)
SRPCPL	952	2,928
KMPCL	(21,942)	3,712

Equity attributable to NCI	2017	2016
SWPGL	(22,542)	(20,114)
VSLPPL	(17,168)	(3,825)
SRPCPL	33,939	27,334
KMPCL	196,537	161,851

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

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2017	SWPGL	VSLPPL	SRPCPL	KMPCL
Non-current assets	458,335	129,948	83,872	2,879,601
Current assets	145,598	2,287	61,172	698,652
Non-current liabilities	363,627	127,124	63,002	2,464,326
Current liabilities	285,672	38,402	19,087	561,858
Net assets	**(45,366)**	**(33,291)**	**62,955**	**552,069**
Carrying amount of NCI	(22,542)	(17,168)	33,939	196,537
Revenue	80,212	9,892	23,929	462,633
Profit / (loss) for the year	4,924	(23,372)	1,766	(61,634)
Other comprehensive income / (loss) (OCI)	(858)	(1,004)	1,337	(22,750)
Total comprehensive income / (loss)	4,066	(24,376)	3,103	(84,384)
Profit / (loss) attributable to NCI	2,447	(12,053)	952	(21,942)
OCI attributable to NCI	(426)	(518)	721	(8,099)
Cash flow from operating activities	39,633	10,231	7,329	47,430
Cash flow from investing activities	13,232	500	(27,086)	(178,701)
Cash flow from financing activities	(52,755)	(11,637)	19,348	119,727
Net Increase / (decrease) in cash and cash equivalents	110	(906)	(409)	(11,544)

2016	SWPGL	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
Profit / (loss) for the year	(49,915)	(20,667)	6,411	13,281
Other comprehensive income / (loss) (OCI)	802	(445)	(3,147)	(29,828)
Total comprehensive income / (loss)	(49,113)	(21,112)	3,264	(16,547)
Profit / (loss) 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)

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.

The Group has entered into a joint arrangement through a separate legal entity called the JR Power Gen Private Limited (JRPGPL). 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 JRPGPL 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 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	-	-	-	-	(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**
As at 1 April 2016	436,104	2,129,595	12,146	9,102	1,030,246	3,617,193
Additions	164	459	-	171	406,782	407,576
Transfer	2,243	35,569	-	-	(37,812)	-
Disposals/adjustments	(2,282)	(1,283)	-	(33)	-	(3,598)
Exchange difference	9,245	45,142	257	192	14,874	69,710
As at 31 March 2017	**445,474**	**2,209,482**	**12,403**	**9,432**	**1,414,090**	**4,090,881**
Depreciation						
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**

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	Land and buildings	Power stations	Mining property	Other plant and equipment	Assets under construction	Total
As at 1 April 2016	33,031	203,299	2,732	7,199	-	246,261
Additions	13,533	85,815	322	684	-	100,354
Disposals / adjustments	(13)	(1,283)	-	(33)	-	(1,329)
Exchange difference	1,174	7,311	69	177	-	8,731
As at 31 March 2017	**47,725**	**295,142**	**3,123**	**8,027**	**-**	**354,017**
Net book value						
As at 31 March 2017	**397,749**	**1,914,340**	**9,280**	**1,405**	**1,414,090**	**3,736,864**
As at 31 March 2016	**403,073**	**1,926,296**	**9,414**	**1,903**	**1,030,246**	**3,370,932**

Property, plant and equipment with a carrying amount of US $ 3,598,194 (2016: US $ 3,228,057) is subject to security restrictions (refer note 16)

9. Intangible assets and goodwill

	Mining license	Goodwill	Total
Cost			
As at 1 April 2015	**2,516**	**10,201**	**12,717**
Impaired	-	(22)	(22)
Exchange difference	(136)	(551)	(687)
As at 31 March 2016	**2,380**	**9,628**	**12,008**
As at 1 April 2016	**2,380**	**9,628**	**12,008**
Exchange difference	50	204	254
As at 31 March 2017	**2,430**	**9,832**	**12,262**
Amortisation			
As at 1 April 2015	529	-	529
Additions	127	-	127
Exchange difference	(30)	-	(30)
As at 31 March 2016	**626**	**-**	**626**
As at 1 April 2016	626	-	626
Additions	124	-	124
Exchange difference	17	-	17
As at 31 March 2017	**767**	**-**	**767**
Net book value			
As at 31 March 2017	**1,663**	**9,832**	**11,495**
As at 31 March 2016	**1,754**	**9,628**	**11,382**

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

	2017	2016
SWPGL	3,617	3,542
SPL	5,097	4,991
SRPCPL	1,118	1,095
Total	**9,832**	**9,628**

The recoverable amount of the cash generating unit at 31 March 2017 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 10-11% would result in aggregate carrying amount of the CGU exceeding the recoverable amount of the CGU approximately by US $ 7,194. 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.

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

	2017	2016
Growth rate	3.00%	3.00%
Discount rate (pre tax)	11.39%	11.69%

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	
	2017	**2016**	**2017**	**2016**
Current				
Financial assets at fair value through profit or loss				
- held for trading	5,410	5,177	-	-
Loans and receivables	152,846	44,446	87	-
	158,256	**49,623**	**87**	**-**
Non-current				
Financial assets at fair value through profit or loss				
- Derivative assets	40,297	45,872	-	-
Available-for-sale investments	17,970	17,938	-	-
Deposit with banks	9,079	4,994	-	-
Loans and receivables	34,382	30,523	-	-
Loans to and receivables to Joint Venture partner	1,533	1,501	-	-
Loans to and receivable to subsidiaries	-	-	147,002	155,978
Investment in subsidiaries	-	-	226,888	226,842
	103,261	**100,828**	**373,890**	**382,820**
Total	**261,517**	**150,451**	**373,977**	**382,820**

Financial assets at fair value through profit or loss (held for trading)

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

Derivative assets includes currency option contracts and currency forward contracts carried at fair value. Fair value of currency options is determined by an independent valuer which is the counter party in the contracts. Fair value of currency forwards is determined by mark to market value of the forward on the date of the financial position.

Loans and receivables

This primarily includes inter-corporate deposits of US $ 21,391 (2016: US $ 9,313), deferred loan origination costs US $ Nil (2016: US $ 2,496), security deposit US $ 60,610 (2016: US $ 54,925), advance for investments US $ 1,637 (2016: US $ 1,603) and other financial assets US $ 103,590 (2016: US $ 6,632).

Loans to and receivables to Joint Venture partner

This primarily includes the investment in redeemable preference share capital held in the joint operations.

Loans to and receivable to 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 (2016: 139,244,601) equity shares in KEL, 12,000 (2016: 12,000) equity shares in KASL, 84,146,843 (2016: 84,146,843) equity shares in KGEPL and 1 (2016: 1)equity share in KSVP totalling to US $ 226,888 (2016: US $ 226,842).

The Company is carrying investment and advances to subsidiaries amounting to US $ 291,270 (net of US $ 82,620 of borrowings from subsidiaries) in the separate financial statement at cost. Even though the consolidated equity of the Group is US $ 89,029 and the market capitalisation is c US $120,000, Management believes there are no permanent diminutions in the investment value because the underlying power generating assets have significant inbuilt intrinsic value and long term economic value. Also as against the net carrying value of US $ 291,270 investment by the Company, the aggregate equity investment made across the various power project SPVs is significantly in excess of the carrying value. Therefore, management believes that the lower consolidated equity vis a vis investment value is only a temporary event, and reflects the commissioning and current operational challenges at the project SPVs as a result of the power sector in India as a whole. This in no way interferes with the long term value held in the strategic assets via the investment in subsidiaries, which are held for a long term purpose to generate yield returns over the economic life of the asset. Therefore management has concluded that no impairment in the carrying value of the investment in subsidiaries at cost in the separate financial statement is necessary at the current time.

Investment and other financial assets amounting to US $ 204,706 (2016: US $ 99,593) for the Group are subject to security restrictions (refer note 16).

Impairment of financial assets

During the year ended 31 March 2017, the Group's available-for-sale financial asset of US $ Nil (2016: US $ 170) and loans and receivable of US $ 308 (2016: US $ 16,481) were collectively impaired.

During the year ended 31 March 2017, the Company's loans and receivable of US $Nil (2016: US $ 912) were collectively impaired and written off.

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11. Other assets

	Consolidated		Company	
	2017	**2016**	**2017**	**2016**
Current				
Advance to suppliers	61,519	32,882	-	-
Prepayments	4,360	6,005	111	108
Income tax receivable	282	4,907	-	-
Other receivables	36,847	42,076	-	-
	103,008	**85,870**	**111**	**108**
Non-current				
Prepayments	36,130	26,216	-	-
Income tax receivable	8,174	9,902	-	-
Other receivables	16,086	16,502	-	-
	60,390	**52,620**	**-**	**-**
Total	**163,398**	**138,490**	**111**	**108**

12. Trade and other receivables

	2017	**2016**
Current		
Trade receivables[1](Refer note 29 (e))	449,887	356,764
Interest accrued	7,131	10,375
	457,018	**367,139**
Non-current		
Trade receivables	2,236	2,027
Interest accrued	481	566
	2,717	**2,593**
Total	**459,735**	**369,732**

[1] includes unbilled revenue of US $ 432 (2016:US $ 61,807)

Trade receivables are non-interest bearing and are generally due within 7-30 days terms. Trade receivables of US $ 452,123 (2016: US $ 358,791) have been pledged as security for borrowings (refer note 16). During the year ended 31 March 2017, trade and other receivables of an initial value of US $ 14,754 (2016: US $ 8,871) were impaired.

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

	2017	**2016**
Opening balance	10,810	5,112
Impairment loss recognised	14,754	8,871
Amount written off (Refer note 29(e)(i))	(10,861)	(2,828)
Exchange difference	365	(346)
Closing balance	**15,068**	**10,810**

13. Inventories

	2017	2016
Fuel (at cost)	5,857	14,353
Stores and spares (at cost)	23,199	24,340
Others	202	198
Total	**29,258**	**38,891**

Inventory of US $ 29,258 (2016: US $ 38,891) 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	
	2017	2016	2017	2016
Cash at banks and on hand	21,565	16,022	969	1,194
Short-term deposits	83,514	106,778	-	-
Total	**105,079**	**122,800**	**969**	**1,194**

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 $ 83,457 (2016: US $ 106,739) in order to fulfil collateral requirements (refer note 16).

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

	Consolidated		Company	
	2017	2016	2017	2016
Cash at banks and on hand	21,565	16,022	969	1,194
Short-term deposits	83,514	106,778	-	-
Total	**105,079**	**122,800**	**969**	**1,194**
Less: Restricted cash[1]	(83,495)	(106,776)	-	-
Cash and cash equivalent	**21,584**	**16,024**	**969**	**1,194**

[1]Include deposits pledged for prevailing credit facilities from banks and deposits with maturity term of three months to twelve months (refer note 16).

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.

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The Company has an authorised share capital of 500,000,000 equity shares (2016: 500,000,000) at par value of £ 0.001 (US $ 0.0013) per equity share amounting to US $ 650. The issued and fully paid up number of shares of the Company is 175,308,600 (2016: 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		Company	
			2017	**2016**	**2017**	**2016**
Long-term "project finance" loans	3.51 to 19.75	April-38	3,342,527	2,793,569	-	-
Short-term loans	0.00 to 26.00	March-20	142,953	158,762	83,921	80,798
Buyers' credit facility	1.53 to 4.17	March-18	81,238	138,614	35,000	35,000
Cash credit and other working capital facilities	10.90 to 17.50	March-18	241,918	194,255	-	-
Redeemable preference shares	0.01	January-29	5,940	5,817	-	-
Debentures	0.01 to 21.00	March-25	51,256	32,785	-	-
Total			**3,865,832**	**3,323,802**	**118,921**	**115,798**

The interest-bearing loans and borrowings mature as follows:

	Consolidated		Company	
	2017	**2016**	**2017**	**2016**
Current liabilities				
Amounts falling due within one year	598,827	623,600	118,921	115,798
Non-current liabilities				
Amounts falling due after more than one year but not more than five years	1,208,631	925,489	-	-
Amounts falling due in more than five years	2,058,374	1,774,713	-	-
Total	**3,865,832**	**3,323,802**	**118,921**	**115,798**

Total debt of US $ 3,865,832 (2016: US $ 3,323,802) comprised:

- Long-term "project finance" loans of the Group amounting US $3,342,527(2016: US $ 2,793,569) 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, pledge of 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.
- A number of the facilities that are due to expire at 31 March 2018 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 next 12 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 2017, the Group has complied with the relevant significant covenants, while there are few financial ratios which are not met and management is in discussion with the lenders for addressing the same. However, these do not have any significant impact on the Group.

The lenders are evaluating the strategic debt restructuring ('SDR') option; this will involve debt / equity swap or new equity investment in respect of SWPGL and VSLPPL.

As at 31 March 2017, the Group has available US $ 479,852 of undrawn long term committed borrowing facilities.

The fair value of borrowings at 31 March 2017 was US $ 3,865,832 (2016: US $ 3,323,802). The fair values have been calculated by discounting cash flows at prevailing interest rates.

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17. Other financial liabilities

	2017	2016
Current		
Option premium payable	7,248	5,469
Foreign exchange forward contracts	388	629
	7,636	**6,098**
Non-Current		
Option premium payable	12,040	17,065
Interest rate swaps	1,775	6,174
	13,815	**23,239**
Total	**21,451**	**29,337**

18. Trade and other payables

	Consolidated		Company	
	2017	2016	2017	2016
Current				
Trade payable	234,040	161,884	1,203	1,473
Other payable	278,498	210,843	-	-
Interest payable	136,195	120,372	-	30
	648,733	**493,099**	**1,203**	**1,503**
Non-current				
Trade payable	1,140	1,034	-	-
Interest payable	20,390	11,254	-	-
Other payable	43,431	18,208	-	-
	64,961	**30,496**	**-**	**-**
Total	**713,694**	**523,595**	**1,203**	**1,503**

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 1-6 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 liabilities	Total
Non-current			
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**
As at 1 April 2016	**8,094**	**774**	**8,868**
Transferred to trade payable	-	(308)	(308)
Unwinding of discount	607	-	607
Exchange difference	193	16	209
As at 31 March 2017	**8,894**	**482**	**9,376**

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% (2016: 7.5%).

20. Deferred revenue

	2017	2016
Opening balance	**2,767**	**3,134**
Transferred to the revenue	(307)	(86)
Transferred to the other operating income	(81)	(115)
Exchange difference	45	(166)
Closing balance	**2,424**	**2,767**
Current	219	211
Non-current	2,205	2,556
	2,424	**2,767**

Deferred revenue represents:

- Contributions from captive consumers of SWPGL, 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

	2017	2016
Defined benefit obligation	2,453	2,097
Fair value of plan assets	(1,468)	(1,152)
Benefit liability[1]	**985**	**945**

[1]Represents net of benefit asset of US $ 192 (2016: US $ 112).

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

	2017	2016
Defined benefit obligation as at the beginning of the year	2,097	1,713
Included in Consolidated income statement		
Current service cost	331	334
Interest cost	144	122
	475	456
Included in Consolidated other comprehensive income		
Re-measurement (gain) / loss		
Actuarial (gains) / loss on obligation	(69)	122
Exchange differences	51	(98)
	(18)	24
Others		
Benefits paid	(101)	(96)
	(101)	(96)
Defined benefit obligation as at the end of the year	**2,453**	**2,097**

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

	2017	2016
Fair value of plan assets		
Fair value of plan assets beginning of the year	1,152	1,093
Included in Consolidated income statement		
Interest income	88	77
	88	77
Included in other comprehensive income		
Re-measurement loss / (gain)		
Return on plan asset (excluding amounts included in net interest expense)	7	8
Exchange differences	36	(58)
	43	(50)
Others		
Contributions	286	128
Benefits paid	(101)	(96)
	185	32
Fair value of plan assets end of the year	**1,468**	**1,152**

D. Net defined benefit liability (asset)

	2017	2016
Balance	945	620
Included in Consolidated income statement		
Current service cost	331	334
Interest cost	56	45
	387	379
Included in Consolidated other comprehensive income		
Re-measurement loss / (gain)		
Actuarial (gains) on obligation	(76)	114
Exchange differences	15	(40)
	(61)	74
Others		
Contributions by employer	(286)	(128)
	(286)	(128)
Defined benefit obligation as at the end of the year	**985**	**945**

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

	2017	2016
Discount rate	7.45%	7.80%
Rate of increase in compensation levels	10.00%	10.00%

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.

	2017	
	Decrease	Increase
Discount Rate (- / + 1% movement)	257	(439)
Salary Growth Rate (- / + 1% movement)	(355)	90

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 7.45% (2016: 7.80%) 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% (2016: 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 $ 450 to the provident fund during the year ended 31 March 2017 and US $ 444 during the year ended 31 March 2016.

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	2017	2016
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

	2017		2016	
	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	350,000	GBP 1.30	233,333	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 2017	350,000	GBP 1.30
As at 31 March 2016	233,333	GBP 1.30

Total expenses recognised in the income statement for the year ending 31 March 2017 is US $ 16 (2016: US $ 47) arising from share based payment transactions.

Number of shares issued under share option scheme

	2017	2016
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 0.61	GBP 0.35

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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.

2017	Project development activities	Power generating activities	Reconciling / Elimination activities	Consolidated
Revenue				
External customers	281	590,977	-	591,258
Inter-segment	2,674	-	(2,674)	-
Total revenue	**2,955**	**590,977**	**(2,674)**	**591,258**
Segment operating results	1,469	178,500	-	179,969
Unallocated operating expenses, net		.		(1,418)
Finance costs				(360,244)
Finance income				7,694
Loss before tax				**(173,999)**
Tax income				15,103
Loss after tax				**(158,896)**
Segment assets	5,084	4,634,084	(4,616)	4,634,552
Unallocated assets				300,745
Total assets				**4,935,297**
Segment liabilities	655	513,180	(4,616)	509,219
Unallocated liabilities				4,151,822
Total liabilities				**4,661,041**
Other segment information				
Depreciation and amortisation	38	100,398	42	**100,478**
Capital expenditure	1	407,575	-	**407,576**

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**

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 $ 7,694 and US $ 360,244 respectively (2016: US $ 26,336 and US $ 296,470 respectively).

(c) Segment assets do not include deferred tax asset of US $ 167,951 (2016: US $ 141,327), financial assets and other investments US $ 103,144 (2016: US $ 99,923), short-term deposits with bank and cash US $ 7,163 (2016: US $ 8,551), and corporate assets US $ 22,487 (2016: US $ 32,317).

(d) Segment liabilities do not include deferred tax US $ 45,429 (2016: US $ 37,596), current tax payable US $ 1,658 (2016: US $ 1,243), interest-bearing current and non-current borrowings US $ 3,865,832 (2016: US $ 3,323,802), derivative liabilities US $ 21,451 (2016: US $ 29,337) and corporate liabilities US $ 217,452 (2016: US $ 153,112).

(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 $ 461,763 accounted for 77.75% (2016: Three customers in the power generating segment contributing revenues of US $ 473,844 accounted for 70.02%) of the total segment revenue.

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23. Depreciation, amortisation, costs of inventories, impairment of trade and other receivable 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

	2017	2016
Included in cost of revenue:		
Fuel costs	292,345	300,995
Depreciation	89,444	77,895
Amortisation of intangible asset	124	127
Included in general and administrative expenses:		
Depreciation	10,910	13,046
Impairment of Property, Plant & Equipment, trade and other receivable[1]	15,062	29,353

[1]During the previous 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, goodwill of US $ 22 and other assets of US $ 21.

(b) Employee benefit expenses

	Consolidated		Company	
	2017	2016	2017	2016
Salaries and wages	18,909	19,209	287	345
Employee benefit costs	871	815	-	-
Others	1,626	1,571	-	-
Total	**21,406**	**21,595**	**287**	**345**
Less: Amount capitalised to Property, Plant & Equipment	3,610	6,126	-	-
Net employee benefit expense	**17,796**	**15,469**	**287**	**345**

The employee benefit expenses of the Group form part of the cost of revenues amounting US $ 12,211 (2016: US $ 10,144) and general and administrative expenses amounting US $ 5,585 (2016: US $ 5,325).

The employee benefit expenses in the Company financial statements amounting to US $ 287 (2016: US $ 345) forms part of the general and administrative expenses.

(c) Auditor's remuneration for audit services amount to US $ 214 (2016: US $ 214) (including out of pocket expenses).

24. Other operating income

Other operating income comprises:

	Consolidated	
	2017	2016
Income from management fees	94	226
Claims received / receivable[1]	94,805	893
Deferred revenue amortisation	117	115
Gain on disposal of property, plant and equipment, net	225	-
Other operating income	426	441
Total	**95,667**	**1,675**

[1]Claims received includes an amount of US $ 90,173 (2016: US $ Nil) relating to quality and price claim receivable from a Coal supplier (refer note 29 (e)(x)).

25. Finance costs

Finance costs comprise:

	Consolidated		Company	
	2017	2016	2017	2016
Interest expenses on loans and borrowings [1]	327,516	268,611	1,080	1,065
Other finance costs	21,376	16,577	1,737	1,576
Impairment of financial assets[2]	-	170	-	-
Net loss on financial instrument at fair value through profit or loss [3]	7,308	8,822	-	-
Foreign exchange loss, net	2,105	-	3,114	2,333
Net loss on held for trading financial assets				
on disposal	-	2	-	-
on re-measurement	-	6	-	-
Unwinding of discounts	1,939	2,282	-	-
Total	**360,244**	**296,470**	**5,931**	**4,974**

[1]Borrowing cost amounting to US $ 157,720 (2016: US $ 154,737) is capitalised during the year to property, plant and equipment at an effective interest rate of 14.80% (2016: 15.25%).

[2]Impairment of financial assets relates to available-for-sale financial asset of US $ Nil (2016: US $ 170).

[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:

	2017	2016
Interest income		
bank deposits	4,511	11,508
loans and receivables and trade receivable	1,584	2,044
Dividend income	203	510
Net gain on held for trading financial assets		
on disposal	30	-
on re-measurement	23	-
Unwinding of discount on security deposits	1,332	1,704
Foreign exchange gain, net	-	10,563
Reclassification adjustment in respect of available-for- sale instrument disposed	11	7
Total	**7,694**	**26,336**

27. Tax income / (expense)

The major components of income tax for the year ended 31 March 2017 and 31 March 2016 are:

	2017	2016
Current tax	(932)	(1,392)
Deferred tax	16,035	15,456
Tax income reported in the income statement	**15,103**	**14,064**

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 2017 and 31 March 2016 is as follows:

	2017	2016
Accounting losses before taxes	**(173,999)**	**(109,668)**
Enacted tax rates	34.61%	34.61%
Tax income on loss at enacted tax rate	60,218	37,954
Expenditure not deductible for tax purpose	(4,289)	(11,145)
Income exempt or taxed at lower rate	2,620	4,397
Unrecognised deferred tax assets	(39,372)	(14,413)
Change in unrecognised temporary differences	(3,637)	1,017
Others	(437)	(3,746)
Actual tax income	**15,103**	**14,064**

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.

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 15 years.

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.

Deferred income tax at 31 March 2017 and 31 March 2016 relates to the following:

	2016	Recognised in the income statement	Recognised in other comprehensive income	2017
Deferred income tax assets				
Property, plant and equipment	5,379	(100)	7	5,286
Unused tax losses carried forward	273,077	39,871	7,183	320,131
MAT credit	10,067	938	246	11,251
Others	7,063	10,034	497	17,594
	295,586	**50,743**	**7,933**	**354,262**
Deferred income tax liabilities				
Property, plant and equipment	190,263	35,861	5,192	231,316
Others	1,592	(1,153)	(15)	424
	191,855	**34,708**	**5,177**	**231,740**
Deferred income tax asset, net	**103,731**	**16,035**	**2,756**	**122,522**

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	2015	Recognised in the income statement	Recognised in other compre--hensive income	Others	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**

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 realise the benefits of those recognised deductible differences and tax loss carry forwards. The amount of deferred tax assets considered realisable, 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 $ 160,792 (2016: US $ 80,915) 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 $ 53,959 (2016: US $ 27,864).The above tax losses expire at various dates ranging from 2018 to 2025.

As at 31 March 2017and 31 March 2016, 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 $ 82,397 (2016: US $ 159,808).

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 detailed 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
Abhay M Nalawade	Director
Keith N Henry	Director
K V Krishnamurthy	Director of parent

The table below set out transactions with related parties that occurred in the normal course of trading.

Particulars	Consolidated						Company					
	2017			2016			2017			2016		
	Joint opera--tions	Parent / GUP	KMP	Joint opera--tions	Parent / GUP	KMP	Subsi diaries	Parent / GUP	KMP	Subsi diaries	Parent / GUP	KMP
Transactions[1,2]												
Corporate support services fees	33	-	-	33	-	-	-	-	-	-	-	-
Interest income	523	-	-	515	-	-	-	-	-	-	-	-
Inter-corporate deposits and loans given	-	-	-	901	19	-	108	-	-	4,258	9	-
Inter-corporate deposits and loans refunded	-	-	-	447	164	-	489	-	-	17,633	35	-
Loans taken	458	12	-	272	430	-	1,926	12	-	17,152	27	-
Repayment of loan taken	114	10	-	-	10	-	86	10	-	993	10	-
Refund of share application money	-	-	-	-	16,498	-	-	-	-	-	16,498	-
Equity-settled share based payment	-	-	16	-	-	47	-	-	16	-	-	47
Managerial remuneration[3]	-	-	665	-	-	702	-	-	343	-	-	371

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Particulars	Consolidated						Company					
	2017			2016			2017			2016		
	Joint opera--tions	Parent / GUP	KMP	Joint opera--tions	Parent / GUP	KMP	Subsi diaries	Parent / GUP	KMP	Subsi diaries	Parent / GUP	KMP
Balances[1,2]												
Interest receivable	4,780	-	-	4,153	-	-	-	-	-	-	-	-
Loans and inter corporate deposits	1,533	802	-	1,501	784	-	147,002	-	-	155,978	-	-
Loans payable	377	583	-	269	412	-	82,620	176	-	80,785	13	-
Other receivable	-	-	-	9	-	-	-	-	-	-	-	-
Other payable	2,785	-	-	2,408	165	-	-	-	-	-	165	-
Guarantees given	-	-	-	135	-	-	416,031	-	-	465,202	-	-
Managerial remuneration payable[3]	-	-	98	-	-	108	-	-	74	-	-	87

[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 2017, the Group has recorded US $ 28 as impairment of receivables relating to amounts owed by related parties (2016: US $ 14,096). 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.

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 2017, US $ 2,154 (2016: US $1,319) is recognised as an expense in respect of operating leases.

b. Capital commitments

As at 31 March 2017, the Group is committed to purchase property, plant and equipment for US $ 1,247,291 (2016: US $ 1,467,098). In respect of its interest in joint operations the Group is committed to incur capital expenditure of US $ Nil(2016: US $49).

c. Guarantees

- The Company has guaranteed to unrelated parties for the loans and non-fund based facilities availed by subsidiaries for US $ 217,952 (2016: US $ 319,535) and
- The Group guaranteed the performance of the joint ventures under the power delivery agreements to unrelated parties. No liability is expected to arise.

d. Other commitments

As of 31 March 2017, the Group has contractual obligations to spend approximately US $ 864,646 (2016: US $ 912,705); 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.

e. Legal and other claim

As a part of the environment and activities of the Group, the Group is exposed to a number of litigation and claim matters which may significantly impact receivables or payables. No significant developments have occurred in respect of these matters during the year except disclosed below.

i. SWPGL had 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 (2016: US $ 11,008). 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. During the year ended 31 March 2017 the group received an unfavorable ruling on a claim against a state body MSEDCL as it was concluded the claims if allowed were against public interest and accordingly group has impaired and written off the entire claim amount.

ii. VSLPPL has receivables of US $ 7,952 (2016: US $ 7,787) 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 $ 6,508 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, civil and high court, the Group has preferred an appeal in Honourable Supreme Court. Pending outcome of the same, the Group based on the opinion of legal counsel 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 SWPGL has deducted from the sales invoices and paid an amount of US$ 9,300 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 SWPGL 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, SWPGL has filed an appeal before the APTEL on the ground that the non-fulfilment of captive criteria by the SWPGL was attributed to the delay caused by MSEDCL in granting open access to captive customers. APTEL

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also rejected the appeal, aggrieved by this the Group has filed petition with Honourable Supreme Court of India.Pending adjudication of the same, the Group believes that there is a good chance of succeeding and hence no adjustment has been made in the consolidated financial statements. Pending final adjudication of the matter the Group has accrued necessary provision on a prudent basis.

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 $ 290,750 wherein claim pertaining to taxes amounts to US $ 81,287 and claim on account of short supply of coal pursuant to the Presidential Directive amounts to US $ 209,463. 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 $ 220,934 in the books of accounts until date, wherein US $ 77,472 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 year, 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, Group has made necessary amendments in its claim petitions and filed before CERC. Based on the legal advice and recent ruling of CERC and Honourable Supreme Court of India in similarly placed power project, KSK Mahanadi is confident that the entire claim amount is fully receivable.

v. KSK Mahanadi has levied capacity charges and transmission charges to AP Discoms for the period from 16 June 2013 to 13 August 2013 amounting to US $ 13,463 (2016: US $ 13,183), on account of delayed fulfilment of obligation under the PPA. AP Discoms have rejected those claims and made the counter claim of US $ 3,637 (2016: US $ 3,562) for failure to furnish advance final written notice of commencement of supply of power as per the provision 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 KSK Mahanadi 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 consolidated financial statements.

vi. The Company had made investment of US $ 16,184(2016: 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 $ 16,184 (2016: US $ 15,848) in one year's time. Upon same being not honoured KECPL filed the petition with National Company Law Tribunal ('NCLT'), 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 $ 40,844 for settlement before Nominated Authority appointed under the Ordinance by Ministry of Coal. During the year end, Government of India, 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 $ 4,624. 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 balance claim of US $ 36,220 has been reclassified under other receivable.

viii. Other non-current assets include an amount of US $ 8,934 (2016: US $ 8,749) relating to Central Excise receivable from the excise departments by SWPGL. SWPGL 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. The excise duty refund claims were rejected by the department stating that there are no provisions 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 $ 9,580 (2016: US $ 9,807) 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 and as such no provision for claim has been made.

x. SWPGL 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 Competition Commission of India ('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 during the year ended 31 March 2017, COMPAT has upheld the order given by Commission against which WCL has preferred an appeal before the Honourable Supreme Court of India. The Group has filed a total claim of US $ 239,950 with COMPAT under provision 53N of The Competition Act, 2002. Further SWPGL has received a demand of US $ 11,737 from WCL towards short lifting of minimum quantity of coal which is also contested by the SWPGL on various grounds including of inferior quality & high price and as such has not been provided for.

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Consequent to reiterating and upholding, in entirety, the earlier favourable order of Hon'ble Competition Commission of India by COMPAT the Group has recognised a claim of US $ 90,173 during the year ended 31 March 2017. The Group believes that the final outcome of the above matters would be in favour of the group and company is confident that the entire amount is fully recoverable.

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 or adverse effect on the Group's results of operations or financial conditions. The Group has accrued appropriate provision wherever required.

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 Consolidated financial 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 2017 and 31 March 2016.

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 2017 and 31 March 2016.
- 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	
		2017	2016
INR	+100	(19,402)	(17,657)
USD	+100	(2,051)	(1,905)
INR	(100)	19,402	17,657
USD	(100)	2,051	1,905

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 2017 would increase or decrease by US $ Nil (2016: 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 holds 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. Group is 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	2017		2016	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Indian Rupee	730,862	3,937,020	545,558	3,209,694
Great Britain Pound	253	1,060	230	1,309
United States Dollar	95,210	662,708	97,188	665,612
Others	6	189	7	119

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

Currency	2017		2016	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Great Britain Pound	56,795	919	65,353	1,064
United States Dollar	93,398	119,205	93,995	116,237

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:

2017	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Indian Rupee	64.8805	(49,745)	(49,745)
Great Britain Pound	0.8007	(6,860)	(6,860)

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

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:

2017	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Great Britain Pound	0.8007	(2,621)	(2,621)

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)

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 $ 17,474 (2016: US $ 17,429) and the exposure to listed equity securities at fair value was US $ 636 (2016: US $ 622).

At the reporting date, the Company's exposure to unlisted equity securities (excluding investment in subsidiaries) was US $ Nil (2016: US $ Nil).

A decrease of 10% on the Indian market index would have an impact of approximately US $ 56 (2016: US $ 42) 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 $ 17(2016: US $ 5) 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 counterparty 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:

		Carrying value	
	Note	**2017**	**2016**
Debt securities	10	5,269	5,062
Short term deposits with banks	14	83,514	106,778
Non-current bank deposits	10	9,079	4,994
Loans and receivables			
- Trade and other receivables	12	459,735	369,732
- Other financials assets	10	188,761	76,470
		746,358	**563,036**

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, Non-current bank deposit and other short-term financial assets is considered negligible, since the counter parties 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 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

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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 2017, the Group has net current liabilities of US $ 404,454. 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 2018 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 $ 479,852 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 2017

	Current	Non-current		Total
	within 12 months	1-5 years	Later than 5 years	
Loan and borrowings	1,015,494	2,738,473	3,435,271	7,189,238
Trade and other payables	648,733	12,907	11,028	672,669
Other financial liabilities	7,636	13,815	-	21,451
Total	**1,671,863**	**2,765,195**	**3,446,299**	**7,883,358**

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 Company's contractual undiscounted cash flows payable under financial liabilities as at 31 March 2017 is US $ 120,124 (2016: US $ 117,301).

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 2017 and 31 March 2016.

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:

	2017	**2016**
Total borrowing	3,865,832	3,323,802
Less: Cash and short-term deposit	(105,079)	(122,800)
Net debt	**3,760,753**	**3,201,002**
Equity	274,256	415,740
Total equity	**274,256**	**415,740**
Net debt to equity ratio	**13.71**	**7.70**

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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 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
Non-current financial assets				
Trade and other receivables	2,717	2,717	2,593	2,593
Equity securities - available-for-sale	17,970	17,970	17,938	17,938
Loans and receivables	35,915	35,915	32,024	32,024
Derivative assets	40,297	40,297	45,872	45,872
Non-current bank deposits	9,079	9,079	4,994	4,994
Total non-current financial assets	**105,978**	**105,978**	**103,421**	**103,421**
Current financial assets				
Trade and other receivables	457,018	457,018	367,139	367,139
Equity securities - held for trading	141	141	115	115
Debt securities-held for trading	5,269	5,269	5,062	5,062
Loans and receivables	152,846	152,846	44,446	44,446
Cash and short-term deposits	105,079	105,079	122,800	122,800
Total current financial assets	**720,353**	**720,353**	**539,562**	**539,562**
Total	**826,331**	**826,331**	**642,983**	**642,983**
Non-current financial liabilities				
Trade and other payables	64,961	64,961	30,496	30,496
Loans and borrowings	3,267,005	3,267,005	2,700,202	2,700,202
Interest rate swaps	1,775	1,775	6,174	6,174
Option premium payable	12,040	12,040	17,065	17,065
Total non-current financial liabilities	**3,345,781**	**3,345,781**	**2,753,937**	**2,753,937**
Current financial liabilities				
Trade and other payables	648,733	648,733	493,099	493,099
Loans and borrowings	598,827	598,827	623,600	623,600
Foreign exchange forward contract	388	388	629	629
Option premium payable	7,248	7,248	5,469	5,469
Total current financial liabilities	**1,255,196**	**1,255,196**	**1,122,797**	**1,122,797**
Total	**4,600,977**	**4,600,977**	**3,876,734**	**3,876,734**

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 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
Non-current financial assets				
Loans and receivables to subsidiaries	147,002	147,002	155,978	155,978
Total non-current financial assets	**147,002**	**147,002**	**155,978**	**155,978**
Current financial assets				
Loans and receivables	87	87	-	-
Cash and short-term deposits	969	969	1,194	1,194
Total current financial assets	**1,056**	**1,056**	**1,194**	**1,194**
Total	**148,058**	**148,058**	**157,172**	**157,172**
Current financial liabilities				
Trade and other payables	1,203	1,203	1,503	1,503
Loans and borrowings	118,921	118,921	115,798	115,798
Total current financial liabilities	**120,124**	**120,124**	**117,301**	**117,301**

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into 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).

2017	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity securities - available-for-sale	496	-	17,474	17,970
Equity securities - held for trading	141	-	-	141
Debt securities-held for trading	5,269	-	-	5,269
Derivative assets	-	40,297	-	40,297
Total	**5,906**	**40,297**	**17,474**	**63,677**
Financial liabilities measured at fair value				
Interest rate swaps	-	1,775	-	1,775
Option premium payable	-	19,288	-	19,288
Foreign exchange forward contract	-	388	-	388
Total	**-**	**21,451**	**-**	**21,451**

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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 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation of Level 3 fair value measurements of financial assets:

2017	Available-for-sale Unquoted equities	Total
Opening balance	17,429	17,429
Total gains or losses:		
- in income statement	-	-
- in other comprehensive income		
change in fair value of available for sale financial asset	(314)	(314)
foreign currency translation difference	359	359
Settlements	-	-
Transfers into level 3	-	-
Closing balance	**17,474**	**17,474**

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

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**

During the year ended31 March 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation of Level 3 fair value measurements of financial assets:

31 March 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**

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.

GLOSSARY

Acts	the Isle of Man Companies Acts 1931 to 2004, as amended
AGM	Annual General Meeting
CERC	Central Electricity Regulatory Authority
CIL	Coal India Limited
Combined Code	The Combined Code on Corporate Governance, issued bythe Financial Reporting Council
Company or KPVP or Parent	KSK Power Ventur plc
DISCOMS	Distribution Companies
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
JRPGPL	J R Power Gen Private Limited
KWh	Kilowatt Hours
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
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, 2011
SLPGL	Sai Lilagar Power Generation Limited
SWPGL	Sai Wardha Power Generation 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

NOTES

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

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Financial Adviser & Corporate Broker

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Isle of Man Legal Advisers to the Company

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

Auditors

KPMG Audit LLC,
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Registrars

Cains Fiduciaries Limited,
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CREST Agent

Computershare Investor Services (Jersey) Limited,
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Scrip Code

KSK

KSK Power Ventur plc

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