



INDEPENDENT AUDITORS' REPORT

The Members of **KSK Mahanadi Power Company Limited**
Report on Standalone Ind AS Financial Statements

Qualified Opinion

We have audited the standalone Ind AS Financial Statements of **KSK Mahanadi Power Company Limited** ("the Company"), which comprises the Balance Sheet as at March 31st, 2023, the Statement of Profit and Loss (including other Comprehensive income), the statement of Cash Flows and the Statement of Changes in Equity for the period then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Standalone Ind AS Financial Statements').

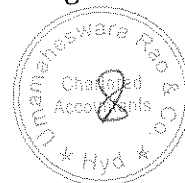
In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2023, its Profit including other comprehensive income, its cash flows and the changes in equity for the period then ended.

Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) prescribed under Section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of standalone Ind AS financial statements as per Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

1. Based on the petition filed by the lenders of the company under the Insolvency and Bankruptcy Code 2016, the National Company Law Tribunal (NCLT) has admitted and ordered for commencement of Corporate Insolvency Resolution Process (CIRP) with effect from 3rd October, 2019 and have appointed Resolution Professional for the company.

These conditions, along with accumulated losses incurred by the company, indicate the existence of material uncertainties which cast significant doubt on the company's ability to continue as going concern. However, the Standalone Ind AS Financial Statements have not been prepared with such adjustments and management continues to prepare the financial statements as going-concern.



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2. The Company has not accounted for interest on loans/borrowings from Banks and Financial Institutions effective from 1st April 2018 i.e. from the date the accounts classified as non-performing by the lenders and further to the ongoing CIRP proceedings against the company and moratorium imposed by the IBC. As at 31st March 2023, the unaccounted interest amounts to ₹25,737.13 Crores out of which ₹5,547.33 crores relates to the pre-CIRP period. The above interest is calculated by the management based on terms of agreement and last advice received from lenders.

Had the company accounted for the above interest as required under the provision of Companies Act 2013, Company would have incurred loss in current and previous years and further other equity would have been reduced by ₹25,737.13 crores.

Emphasis of Matter:

We draw attention to

1. Note no 41 relating to "accounting for invoices raised by M/s. KSK Water Infrastructures Private Limited towards Raw water transportation charges and M/s. Raigarh Champa Rail Infrastructure Private Limited towards Rail infrastructure charges pursuant to NCLAT/ Hon'ble Supreme Court interim order."
2. Note no 38 relating to "expenditure to be spent as a part of Corporate Social Responsibility."

Our opinion is not modified on account of the above.

Information other than Financial Statements and Auditor's Report Thereon

The 'Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements, Standalone Financials Statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Standalone Ind AS Financial Statements:

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.



- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the said financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in

- i. planning the scope of our audit work and in evaluating the results of our audit work; and
- ii. To evaluate the effect of any identified misstatement in the Standalone Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



2. As required by section 143(3) of the Act, we report that:

- i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- iii. The Balance Sheet, Statement of Profit and Loss including other Comprehensive income, the statement of Cash Flow and the Statement of changes in equity dealt with by this Report are in agreement with the books of account.
- iv. Except for the effects of those matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards referred to in section 133 of Companies Act 2013, read with relevant Rules issued there under.
- v. Pursuant to the NCLT order dated 3rd October 2019 the powers of the Board of Directors are suspended and are exercised by the Resolution Professional as enumerated in Section 17 (1) (b) of the Insolvency and Bankruptcy Code, 2016 ("the Code"). Hence, we are unable to comment on the disqualification of Directors under Section 164 (2) of the Companies Act, 2013.
- vi. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- vii. The Company has not paid any remuneration to its directors and thus, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2023;
- viii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer to Note 32 to the Standalone Ind AS Financial Statements.
 - b) The Company has made provision, except as referred to in paragraph 2 under **Basis for Qualified Opinion**, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer to Note 19 to the Standalone Ind AS Financial Statements.
 - c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d)
 - i) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



- ii) The management has represented to us, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- iii) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- e) The company has not declared or paid any dividend during the year.
- f) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For Umamaheswara Rao & Co.,
Chartered Accountants




R R Dakshinamurthy

Partner

ICAI MRN: 211639, FRN 004453S

UDIN: 23211639BGQBZC5003

Hyderabad

Date: 01 September 2023

Annexure - A to Auditors' Report

Referred to in paragraph 1 of "Report on Other Legal and Regulatory Requirements" in our report of even date:

- i. In respect of the Company's Property, Plant and Equipment:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
(B) The Company has maintained proper records showing full particulars of Intangible assets.
 - (b) The Property Plant and Equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the Property Plant and Equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, we report that, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
 - (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year. Accordingly, the provisions of clause 3(i)(d) of the Order are not applicable.
 - (e) According to the information and explanations given to us, there are no proceedings which have been initiated or are pending against the Company for holding Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made there under.
- ii.
 - (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
 - (b) The company has not sanctioned any working capital limits from any banks or financial institutions during the year and hence reporting under clause (ii)(b) of the CARO 2020 is not applicable.
- iii. The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently the directives issued by Reserve Bank of India; the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under are not applicable.



- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the Information and explanations given to us and on the basis of examination of books of accounts
- (a) The Company has been regular in depositing undisputed statutory dues, including provident fund, Employees' state Insurance, Income tax, Sales tax, Custom duty, cess, Goods and Services Tax and other material statutory dues during the year with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, duty of customs, service tax, cess, Goods & Services Tax and other material statutory dues were in arrears as at 31st March 2023 for a period of more than six months from the date they became payable except the following:

Name of Statute	Nature of Dues	Amount	Period to which amount related	Due Date	Date of Subsequent Payment
Office of Chief Electrical Inspector / Chhattisgarh State	Electricity duty on auxiliary consumption.	4,02,70,32,059	Aug-13.to Mar-23	Aug-13 to Mar-23	-
Income Tax Act, 1961	Tax Deducted at Source	1,13,92,681	Various dates for Financial year 2017-18 and 2018-19	15.03.2018 To 11.01.2020	-
Goods and Services Tax Act, 2017	CGST Payable	2,898	Nov -18 to Mar -19	20.10.2020	-
Goods and Services Tax Act, 2017	SGST Payable	2,898	Nov -18 to Mar -19	20.10.2020	-
Goods and Services Tax Act, 2017	IGST Payable	1,67,256	Sep-2018	20.10.2018	-

- (c) According to the information and explanations given to us, there are no dues of duty of customs, Sales Tax, Goods & Services Tax and Income Tax which have not been deposited with the appropriate authorities on account of any dispute.

- viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.



- ix. (a) In our opinion and according to the information and explanations given to us, the Company defaulted in repayment of loans or borrowings to banks and financial institutions as per the details given below:

Name of the Bank	Principle Dues	Interest	Amount Rs Crores
			Period of Default
Aditya Birla Arc Limited	7,381.88	322.66	Refer Note Below
ASREC (India) Limited	2,723.02	71.92	
Asset Reconstruction Company(India)Ltd	222.44	-	
Bank of India	660.19	29.12	
Canara Bank	299.89	20.68	
Housing & Urban Development Corporation Limited	99.99	21.36	
I D B I Bank	642.40	-	
India Infrastructure Finance Company (UK) Limited	780.61	8.94	
Phoenix Arc Private Limited	666.81	17.71	
Power Finance Corporation Ltd	3,299.61	192.70	
Punjab And Sind Bank	110.47	6.93	
Rare Asset Reconstruction Limited	333.48	151.70	
Rural Electrification Corporation Limited	2,576.05	202.67	
UCO Bank	812.37	31.67	
Total	20,609.20	1,078.05	

Note: These borrowings are overdue for the periods from Jun-18 to 02-Oct-19 and interest is overdue and defaulting for period ranging from Jan-2017 to 02-Oct 2019. Pursuant to the recall of the loans by the lenders, the entire loan outstanding of the company is reported as overdue in the above statements. (Refer Note 18 to the Financial Statements)

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The company has not availed any Term loans during the year under review and hence reporting under this clause is not applicable
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, an associate or a joint venture.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries and joint ventures.
- x. (a) In our opinion and according to the information and explanations given to us, the Company did not raise monies by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, provisions of clause 3(x)(a) of the order are not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally). Accordingly, provisions of clause 3(x)(b) of the order are not applicable.



- xi. (a) To the best of our knowledge no fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
(b) We have not submitted any report under subsection (12) of section 143 of the Companies Act, 2013 in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this audit report.
(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year, accordingly, provisions of clause 3(xi)(c) of the order are not applicable
- xii. The Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii. In our opinion, the Company has complied with provisions of sections 177 and 188 of Companies Act, 2013 in respect of transactions with the related parties and the details have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
(b) We have considered the internal audit reports issued to the Company during the year and covering the period upto March 2023.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, provisions of clause 3(xv) of the Order are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the order is not applicable.
- xvii. Based on our examination of the books and records of the Company, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year. Accordingly, provisions of clause 3(xvii) of the order are not applicable.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, provisions of clause 3 (xviii) of the order are not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions and as explained in the basis for qualified opinion para above with respect to going concern assumption, material uncertainty exists as on the date of the audit report about the capability of the Company in meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.



- xx. (a) In our opinion and according to the information and explanations given to us, the Company has incurred expenditure under Corporate Social Responsibility as required by the provisions of Section 135 of the Act and there are no unspent amounts which are to be transferred pursuant to section 135(5) and 135(6) of the Companies Act. However we draw attention to Paragraph 2 under "Basis for Qualified Opinion" and Paragraph 2 of "Emphasis of Matter" paragraph of our Independent Audit Report and Note 38 of Notes to Financial Statements.
(b) This Clause is not applicable.
- xxi. The requirement of clause 3(xxi) is not applicable in respect of Standalone Financial Statements.

For Umamaheswara Rao & Co.,
Chartered Accountants



R R Dakshinamurthy

Partner

ICAI MRN: 211639, FRN 004453S

UDIN: 23211639BGQBZC5003

Hyderabad

Date: 01 September 2023

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"):

We have audited the internal financial controls over financial reporting of **KSK Mahanadi Power Company Limited** ("the Company") as of 31st March 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Umamaheswara Rao & Co.,
Chartered Accountants



R R Dakshinamurthy
Partner

ICAI MRN: 211639, FRN 004453S

UDIN: 23211639BGQBZC5003

Hyderabad

Date: 01 September 2023



KSK Mahanadi Power Company Limited**Balance Sheet as at 31 March 2023***(All amounts are in ₹ Crores, unless otherwise stated)*

	Note	31 March 2023	31 March 2022
I ASSETS			
1 Non-current assets			
a) Property, plant and equipment	7	11,335.68	11,965.16
b) Capital work-in-progress	7	4,554.08	4,559.66
c) Right to use asset	8	149.37	151.10
d) Intangible assets	9	-	-
e) Financial assets			
i) Investments	10	-	-
ii) Other financial assets	12	188.36	237.99
f) Deferred tax assets, net	24	-	-
g) Other non-current assets	13	84.63	60.22
		<u>16,312.12</u>	<u>16,974.13</u>
2 Current assets			
a) Inventories	14	219.08	149.19
b) Financial assets			
i) Trade receivables	11	4,674.43	4,319.84
ii) Cash and cash equivalents	15	1,723.55	2,950.56
iii) Other bank balances	16	2,561.24	35.32
iv) Other financial assets	12	591.70	530.09
c) Other current assets	13	824.23	766.80
		<u>10,594.23</u>	<u>8,751.80</u>
TOTAL		<u><u>26,906.35</u></u>	<u><u>25,725.93</u></u>
II EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	17	3,609.50	3,609.50
b) Other equity		(1,956.09)	(2,575.55)
		<u>1,653.41</u>	<u>1,033.95</u>
1 Non-current liabilities			
a) Financial liabilities			
i) Lease liabilities	20	27.37	27.39
b) Provisions	19	12.41	11.19
		<u>39.78</u>	<u>38.58</u>



KSK Mahanadi Power Company Limited

Balance Sheet as at 31 March 2023

(All amounts are in ₹ Crores, unless otherwise stated)

2 Current liabilities

a) Financial liabilities

i) Borrowings

ii) Lease liabilities

iii) Trade payables

- Dues to micro and small enterprises

- Dues to other than micro and small enterprises

iv) Other financial liabilities

b) Other current liabilities

TOTAL

Note	31 March 2023	31 March 2022
18	20,609.20	20,110.87
20	54.56	46.02
22		
	31.88	52.52
	1,104.77	1,188.03
21	3,003.03	2,900.58
23	409.72	355.38
	<u>25,213.16</u>	<u>24,653.40</u>
	<u>26,906.35</u>	<u>25,725.93</u>

See accompanying notes to the financial statements

As per our report of even date
for Umamaheswara Rao & Co.

Chartered Accountants

Firm Registration No.004453S

R.R.Dakshinamurthy

Partner

Membership No. 211639



Place: Hyderabad

Date : 01 September 2023

for and on behalf of KSK Mahanadi Power Company Limited

Sumit Binani

Resolution Professional

IP Regn.No.IBBI/IPA-001/IP-N00005/2016-17/10025

Ashu Handa

Chief Financial Officer

M.S.Phani Sekhar

Company Secretary

KSK Mahanadi Power Company Limited
Statement of Profit and Loss for the period ended 31 March 2023
(All amounts are in ₹ Crores, unless otherwise stated)

	Note	Year ended 31 March 2023	Year ended 31 March 2022
I Revenue from operations	25	5,116.19	4,192.55
II Other income	26	650.97	79.78
III Total income (I+II)		5,767.16	4,272.33
IV Expenses			
Cost of fuel consumed	27	3,181.98	2,012.61
Employee benefits expenses	28	81.21	79.65
Finance costs	29	156.46	38.94
Other expenses	30	1,064.01	689.66
Depreciation and amortisation expenses	7, 8 & 9	665.53	672.38
Total expenses		5,149.19	3,493.24
V Profit / (loss) before tax (III - IV)		617.97	779.09
VI Tax expense / (income)			
Deferred tax	24	-	447.67
Total tax expenses / (income)		-	447.67
VII Profit / (loss) after tax (V - VI)		617.97	331.42
VIII Other comprehensive income	31		
(i) Items that will not be reclassified to profit & loss		1.49	3.08
(ii) Income tax relating to items that will not be reclassified to profit & loss		-	(0.77)
		1.49	2.31
IX Total comprehensive income for the year (VII+VIII)		619.46	333.73
X Earnings / (loss) per share			
Basic and diluted - face value of ₹ 10 per share	35	1.71	0.92

See accompanying notes to the financial statements

As per our report of even date
for **Umamaheswara Rao & Co.**
Chartered Accountants
Firm Registration No.004453S



R.R. Dakshinamurthy

Partner

Membership No. 211639



Place: Hyderabad

Date : 01 September 2023


for and on behalf of **KSK Mahanadi Power Company Limited**



Sumit Binani

Resolution Professional

IP Regn.No.IBBI/IPA-001/IP-N00005/2016-17/10025



Ashu Handa

Chief Financial Officer



M.S. Phani Sekhar

Company Secretary

KSK Mahanadi Power Company Limited
Statement of Changes in Equity for the period ended 31 March 2023
(All amounts are in ₹ Crores, unless otherwise stated)

A. Equity Share Capital

Particulars	No of Shares	Amount
Balance as at 01 April 2021	3,60,95,02,944	3,609.50
Changes in equity share capital during the year	-	-
Balance as at 31 March 2022	3,60,95,02,944	3,609.50
Balance as at 01 April 2022	3,60,95,02,944	3,609.50
Changes in equity share capital during the year	-	-
Balance as at 31 March 2023	3,60,95,02,944	3,609.50

B. Other equity

Particulars	Reserves & Surplus		Total
	Retained earnings	Items of OCI Actuarial gains / (Losses)	
Balance as at 01 April 2021	(2,904.50)	(4.78)	(2,909.28)
(Loss)/profit for the year	331.42	-	331.42
Actuarial gain/(loss)	-	3.08	3.08
Tax impact	-	(0.77)	(0.77)
Total comprehensive (loss)/profit for the year	331.42	2.31	333.73
Balance as at 31 March 2022	(2,573.08)	(2.47)	(2,575.55)
Restated balance at the beginning of the current reporting year	(2,573.08)	(2.47)	(2,575.55)
(Loss)/profit for the year	617.97	-	617.97
Actuarial gain/(loss)	-	1.49	1.49
Tax impact	-	-	-
Total comprehensive (loss)/profit for the year	617.97	1.49	619.46
Balance as at 31 March 2023	(1,955.11)	(0.98)	(1,956.09)

See accompanying notes to financial statements

As per our report of even date
for **Umamaheswara Rao & Co.**
Chartered Accountants
Firm Registration No. 004453S





R.R. Dakshinamurthy
Partner
Membership No. 211639

Place: Hyderabad
Date : 01 September 2023

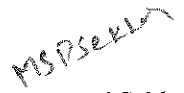
for and on behalf of KSK Mahanadi Power Company Limited



Sumit Binani
Resolution Professional
IP Regn.No.IBBI/IPA-001/IP-N00005/2016-17/10025



Ashu Handa
Chief Financial Officer



M.S. Phani Sekhar
Company Secretary

KSK Mahanadi Power Company Limited
Cash Flow Statement for the period ended 31 March 2023
(All amounts are in ₹ Crores, unless otherwise stated)

	Note	31 March 2023	31 March 2022
A Cash flow from operating activities			
Profit / (loss) before tax		617.97	779.09
Adjustment for			
Depreciation and amortisation expenses		665.53	672.38
Finance cost		156.46	38.94
Unrealised foreign exchange (loss)/ gain		138.58	48.72
Interest income		(649.88)	(78.72)
Provision for doubtful advances		26.42	-
Others		310.07	3.08
Operating profit before working capital changes		1,265.15	1,463.49
Working capital changes			
(Increase) / decrease in financial and other asset		(36.76)	(38.02)
(Increase) / decrease in trade receivables		95.11	(1,611.89)
(Increase) / decrease in inventories		(69.89)	(9.11)
Increase / (decrease) in trade payables		(103.92)	124.91
Increase / (decrease) in financial and other liabilities		56.41	44.55
Cash generated from / (used in) operating activities		1,206.10	(26.07)
Tax refund / (paid)		(24.16)	(11.76)
Net cash from / (used in) operating activities		1,181.94	(37.83)
B Cash flow from investing activities			
Purchase of fixed assets including capital work-in-progress, net		(0.45)	(0.56)
(Investment) / redemption of bank deposit (held as margin money or security against guarantees or borrowings)		(2,528.00)	(25.24)
Interest received		140.26	149.15
Net cash from / (used in) investing activities		(2,388.19)	123.35
C Cash flow from financing activities			
Finance cost paid		(20.76)	(7.35)
Net cash generated from/(used in) financing activities		(20.76)	(7.35)
Net increase / (decrease) in cash and cash equivalents		(1,227.01)	78.17
Cash and cash equivalent - opening balance	15	2,950.56	2,872.39
Cash and cash equivalent - closing balance	15	1,723.55	2,950.56
Cash flow continued..			



KSK Mahanadi Power Company Limited
Cash Flow Statement for the period ended 31 March 2023
(All amounts are in ₹ Crores, unless otherwise stated)

Note to the cash flow statement

Components of cash and cash equivalents as at

Cash on hand		0.03	0.07
Balances with scheduled banks			
on current accounts		148.18	242.37
on deposits accounts		1,575.34	2,708.12
		<u>1,723.55</u>	<u>2,950.56</u>


Changes in liabilities arising from financing activities on account of non-cash transactions

Particulars	31 March 2022	Net Cash flows	Finance cost charged	Non Cash changes			31 March 2023
				Others	Foreign exchange movement	Unammortised processing charges and others	
Long-term borrowings	18,659.36	-	-	-	61.89	133.45	18,854.70
Short-term borrowings	1,451.51	-	-	303.00	-	-	1,754.51
Interest accrued and other financial liabilities	1,121.04	(20.76)	156.46	(11.41)	0.72	(133.45)	1,112.60


See accompanying notes to financial statements

As per our report of even date
for Umamaheswara Rao & Co.
Chartered Accountants
Firm registration No. 004453S


for and on behalf of KSK Mahanadi Power Company Limited



R.R. Dakshinamurthy
Partner
Membership No. 211639




Sumit Binani
Resolution Professional
IP Regn.No. IBBI/PA-001/IP-N00005/2016-17/10025

Place: Hyderabad
Date : 01 September 2023


Ashu Handa
Chief Financial Officer


M.S. Phani Sekhar
Company Secretary

KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

1 Corporate information

KSK Mahanadi Power Company Limited ("KMPCL" or the "Company"), is a Public Company domiciled in India and incorporated under the provisions of Companies Act applicable in India. The Registered Office of the Company is located at Road No 22, Jubilee Hills, Hyderabad - 500033, Telangana. The Company is engaged in the business of generation and sale of power through its power plant of 6 x 600 MW situated at Janjgir-Champa District, Chhattisgarh. The Company is undergoing Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC) in terms of order of Hon'ble national Company law Tribunal (NCLT), Hyderabad on 03 October 2019. Pursuant to the initiation of CIRP, vide aforesaid order, the NCLT had appointed Mr. Mahender Kumar Khandelwal as Interim Resolution Professional ("IRP") and later on Committee of Creditors (CoC) approved the appointment of Mr. Sumit Binani, as Resolution Professional ("RP") which was approved by Hon'ble NCLT, Hyderabad vide its order dated 16 June 2020. The Powers of Board of Directors was suspended by virtue of NCLT order in accordance with Section 17(1)(b) of IBC and the same is being exercised by the RP.

2 Basis of preparation

A Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 amended from time to time notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue on 01 September 2023.

B Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise stated.

C Basis of measurement

These financial statements have been prepared on historical cost basis except for the following items:

- Derivative financial instruments that are measured at fair value;
- Financial instruments that are designated as being at fair value through profit or loss account or through other comprehensive income upon initial recognition are measured at fair value;
- Net employee defined benefit (asset) / liability that is measured based on actuarial valuation.

3 Changes in accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year except for the impact of amendment to various standards pursuant to Companies (Indian Accounting Standards) Amendment Rules, 2022 notified by the Ministry of Corporate Affairs (MCA) applicable from 01 April 2022. The Company does not have any significant impact by adopting these amendments.

4 Standards and interpretations not yet applied

On 31 March 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to company from 01 April 2023.

Standard	Description	Effective for in reporting years starting on or after
IND AS 101	First time adoption of IND AS	01 April 2023
IND AS 102	Share - based payment	01 April 2023
IND AS 103	Business combination	01 April 2023
IND AS 107	Financial instruments disclosures	01 April 2023
IND AS 109	Financial instrument	01 April 2023
IND AS 115	Revenue from contracts with customers	01 April 2023
IND AS 1	Presentation of financial statements	01 April 2023
IND AS 8	Accounting policies, changes in accounting estimates and errors	01 April 2023
IND AS 12	Income taxes	01 April 2023
IND AS 34	Interim financial reporting	01 April 2023

The Company is in the process of evaluating the impact of these amendments.



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

5 Significant accounting policies

5.1 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 Company. All other repairs and maintenance costs are recognised in statement of profit and loss as incurred.

Depreciation is computed, based on technical assessment made by technical expert and management estimate, on straight-line basis over the estimated useful life which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used as follows:

Nature of asset	Useful life (years)
Buildings	5-60
Plant and equipment	1-25
Furniture & fixtures	1-10
Vehicles	8-10
Office equipment & computers	3-6

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 statement of profit and loss in the year the asset is derecognised.

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

5.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. 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 are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

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 statement of profit and loss when the asset is derecognised.

Nature of asset	Useful life (years)
Software	3

5.3 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

5.4 Financial assets

Initial recognition & measurement

All regular way purchases or sales of financial assets are recognised/derecognised on a trade date basis.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instrument at amortised cost
- Debt instrument at fair value through other comprehensive income (FVTOCI)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- Debt instrument, derivatives and equity instruments at fair value through profit or loss (FVTPL)



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For the equity instruments Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

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 Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial asset

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

5.5 Financial liabilities

Initial recognition

Financial liabilities within the scope of IND AS 109 are classified as:

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

The Company 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.

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 Company that are not designated as hedging instruments in hedge relationships as defined by IND AS 109. 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 statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if criteria of IND AS 109 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 statement of profit and loss when the liabilities are derecognised as well as through the amortisation process.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Balance sheet 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 EIR.

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 P & L.



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

5.6 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

5.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the financial asset or settle the financial liability takes place either:

- In the principal market, or
- In the absence of a principal market, in the most advantageous market

The principal or the most advantageous market must be accessible by the Company. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use. Fair value measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's - accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

5.8 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 Weighted average 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.

5.9 Foreign currency translation

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised at the rate of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit and loss in the period in which they arise

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

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

The Company has elected to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding and recognised in the financial statements for the year ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

5.10 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company, 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.

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 claim : Insurance claims are accounted based on certainty of realisation.

5.11 Taxes

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

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.



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Deferred income tax assets and liabilities, relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss. 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.

5.12 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 statement of profit and loss in the year in which they are incurred, the amount being determined using the effective interest rate method.

5.13 Impairment of non-financial assets

The Company 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 Company 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 statement of profit and loss, 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 Company 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 statement of profit and loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

5.14 Cash and short-term deposits

Cash and short-term deposits comprise cash at banks and on hand and short-term deposits.

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

5.15 Earnings per share

The earnings considered in ascertaining the Company's earnings per share (EPS) comprise the net profit or loss for the period attributable to equity holders. 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 equity holders (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 shares that would be issued on conversion of all the dilutive potential shares into equity shares.

5.16 Provisions

Provisions are recognised when the Company 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 Company 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 statement of profit and loss 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.



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5.17 Employee benefits

Gratuity

In accordance with Gratuity laws, the Company 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 Company 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 Company recognises the net obligation of a defined benefit plan in its Balance sheet as an asset or liability, respectively in accordance with IND AS 19, Employee benefits. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company 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 Company receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company 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 statement of profit and loss. The benefits are contributed to the government administered provident fund, which is paid directly to the concerned employee by the fund. The Company 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 Company 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.

5.18 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.

Company as a lessee

Long-term lease payments are recognised as Right To Use Assets with corresponding Lease Liability based on discounted cash flows. Interest expenses are accounted in the statement of profit or loss. Short term lease payment and insignificant lease payments are recognised in the statement of profit or loss on straight line basis.

6 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IND AS 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 Company in the financial statements are as set out above. The application of a number of these policies required the Company to use a variety of estimation techniques and apply judgment to best reflect the substance of underlying transactions.

The Company 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 financial statements presented which, under different conditions, could lead to material differences in these statements.



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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 material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- *Estimation of fair value of acquired financial assets and financial liabilities*: When the fair value of financial assets and financial liabilities recorded in the Balance sheet 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 judgment is required in establishing fair values. The judgments 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.

Other current assets include certain advances that are outstanding for more than a year and for which no transactions were recorded during the current year. The management has assessed the realisability of the said receivables and is of the opinion that the same will be realized in due course and classified the same as current.

- *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.
- *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 Company establishes provisions, based on reasonable estimates, for possible consequences of assessment by the tax authorities. 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 Company assesses the probability for litigation and subsequent cash outflow with respect to taxes.
- Deferred income tax assets are recognised for 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 assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
- *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.
Actual results can differ from estimates.

Judgement

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

- *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 Company. Actual results, however, may vary due to technical obsolescence, particularly relating to software and information technology equipment.
- *Provision*: The Company 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 company's position in the related disputes.



7 Property, plant and equipment

	Land- Freehold	Buildings	Plant & Equipment	Furniture fixtures	Vehicles	Office equipment & Computers	Total	Capital work in progress
As at 01 April 2021	172.58	2,011.18	13,844.46	3.86	1.72	7.11	16,040.91	4,573.87
Additions	-	-	0.23	-	-	0.21	0.44	-
Disposals/transfers	-	(0.02)	-	(0.12)	-	(0.23)	(0.37)	(14.21)
Others	-	1.41	10.57	-	-	-	11.98	-
As at 31 March 2022	172.58	2,012.57	13,855.26	3.74	1.72	7.09	16,052.96	4,559.66
As at 01 April 2022	172.58	2,012.57	13,855.26	3.74	1.72	7.09	16,052.96	4,559.66
Additions	-	-	0.17	-	0.01	0.08	0.26	-
Disposals/transfers	-	-	-	-	-	-	-	(5.58)
Others	-	4.00	30.06	-	-	-	34.06	-
As at 31 March 2023	172.58	2,016.57	13,885.49	3.74	1.73	7.17	16,087.28	4,554.08
Depreciation								
As at 01 April 2021	-	423.20	2,983.65	2.93	0.99	6.74	3,417.51	-
Additions	-	80.78	589.26	0.27	0.18	0.16	670.65	-
Disposals/transfers	-	(0.02)	-	(0.12)	-	(0.22)	(0.36)	-
As at 31 March 2022	-	503.96	3,572.91	3.08	1.17	6.68	4,087.80	-
As at 01 April 2022	-	503.96	3,572.91	3.08	1.17	6.68	4,087.80	-
Additions	-	80.75	582.57	0.19	0.12	0.17	663.80	-
Disposals/transfers	-	-	-	-	-	-	-	-
As at 31 March 2023	-	584.71	4,155.48	3.27	1.29	6.85	4,751.60	-
Net book value								
As at 31 March 2022	172.58	1,508.61	10,282.35	0.66	0.55	0.41	11,965.16	4,559.66
As at 31 March 2023	172.58	1,431.86	9,730.01	0.47	0.44	0.32	11,335.68	4,554.08

(i) Property, plant and equipment with a carrying amount of ₹ 15,889.76 (31 March 2022: ₹ 16,524.82) is subject to security restrictions (refer note 18)

CWIP ageing as at

CWIP	31 March 2023				Total
	Less than 1 year	1-2 years	2-3 Years	More than 3 Years	
Project in progress	-	-	-	-	-
Projects temporarily suspended	-	0.04	0.02	4,554.02	4,554.08

CWIP ageing as at

CWIP	31 March 2022				Total
	Less than 1 year	1-2 years	2-3 Years	More than 3 Years	
Project in progress	0.04	0.02	0.14	0.55	0.75
Projects temporarily suspended	-	-	1.90	4,557.01	4,558.91



8 Right to use asset

	Total
As at 01 April 2021	156.29
Additions	-
As at 31 March 2022	156.29
As at 01 April 2022	156.29
Additions	-
As at 31 March 2022	156.29
Amortisation	
As at 01 April 2021	3.46
Additions	1.73
As at 31 March 2022	5.19
As at 01 April 2022	5.19
Additions	1.73
As at 31 March 2023	6.92
Net book value	
As at 31 March 2022	151.10
As at 31 March 2023	149.37

9 Intangible assets

	Computer software	Total	Intangible assets under development
As at 01 April 2021	0.02	0.02	1.84
Additions	-	-	-
Disposals/transfers	-	-	-
As at 31 March 2022	0.02	0.02	1.84
As at 01 April 2022	0.02	0.02	1.84
Additions	-	-	-
Disposals/transfers	(0.01)	(0.01)	-
As at 31 March 2023	0.01	0.01	1.84
Depreciation			
As at 01 April 2021	0.02	0.02	1.84
Additions	-	-	-
Disposals/transfers	-	-	-
Impairment of intangible assets	-	-	-
As at 31 March 2022	0.02	0.02	1.84
As at 01 April 2022	0.02	0.02	1.84
Additions	-	-	-
Disposals/transfers	(0.01)	(0.01)	-
Impairment of intangible assets	-	-	-
As at 31 March 2023	0.01	0.01	1.84
Net book value			
As at 31 March 2022	-	-	-
As at 31 March 2023	-	-	-



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10 Investments

	31 March 2023	31 March 2022
Non-current		
Investments in equity instruments		
<i>(un quoted, fully paid-up)</i>		
Investment in subsidiary at cost		
122,251 Ordinary shares (31 March 2022: 122,251) of \$ 1 each in Sai Power Pte Ltd, net of impairment	-	-
Investment in associates at cost		
65,018,090 (31 March 2022: 65,018,090) Equity shares of Rs.10 each in Raigarh Champa Rail Infrastructure Private Limite, net of impairment	-	-
54,977,990 (31 March 2022: 54,977,990) Equity shares of Rs.10 each in KSK Water Infrastructures Private Limited, net of impairment*	-	-
Investments in warrants, net of impairment	-	-
Total	-	-
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of un-quoted investments	246.35	246.35
Aggregate amount of impairment in the value of investments	246.35	246.35

*KMPCL had pledged 51% shares of KWIPL in favor of Punjab National Bank (PNB) (in its capacity as security trustee of lenders of KWIPL, as security towards loans availed by KWIPL from such lenders). Upon default by KWIPL, PNB invoked the said pledge, prior to insolvency commencement date of KMPCL. Pursuant to this share pledge invocation, PNB is now recorded as beneficial owner of these shares in records of depository, and KMPCL's beneficial shareholding in KWIPL as per records of depository has stood reduced to 49% for the purposes of the Depositories Act 1996. However, based on legal opinion obtained by Resolution Professional from the legal counsel, KMPCL continues to remain entitled to redeem the pledge before the actual sale to a third party is made by PNB of the said 51% shares of KWIPL.

11 Trade receivables

	31 March 2023	31 March 2022
Secured, considered good	179.45	202.16
Unsecured, considered good	4,494.98	4,117.68
Unsecured, considered doubtful	2,353.93	2,353.93
Less: Provision for doubtful debts	(2,353.93)	(2,353.93)
Total	4,674.43	4,319.84

(i) Trade receivable are interest bearing and are generally due within 01-60 days terms.

(ii) Trade receivable of ₹ 4,674.43 (31 March 2022: ₹ 4,319.84) for the Company have been pledged as security for borrowings (refer note 18).

(iii) The Company is having majority of receivables from State Distribution Companies which are Government undertakings and hence they are secured from credit losses in the future.

The movement in the provision for doubtful debts in respect of trade receivables during the year was as follows

	31 March 2023	31 March 2022
Opening balance	2,353.93	2,353.93
Provision for doubtful debts recognised	-	-
Amount written off	-	-
Closing balance	2,353.93	2,353.93

Trade receivables ageing schedule for 31 March 2023

Particulars	Outstanding for the following periods from the due date of payment					Total
	Less than 6 months	6 months-1 year	1 -2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	1,099.57	657.59	856.09	185.08	181.35	2,979.70
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	352.99	238.89	207.72	303.02	592.11	1,694.73
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	2,353.93	2,353.93



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Trade receivables ageing schedule for 31 March 2022

Particulars	Outstanding for the following periods from the due date of payment					Total
	Less than 6 months	6 months-1 year	1 -2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	1,774.56	540.46	283.65	0.26	34.85	2,633.78
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	362.95	169.30	333.47	182.59	637.75	1,686.06
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	2,353.93	2,353.93

12 Other financial assets

	31 March 2023	31 March 2022
Non-current		
Security deposits	180.12	232.05
Deposits with banks	7.87	5.79
Interest accrued	0.37	0.15
Total (A)	188.36	237.99
Current		
Security deposits	530.18	528.27
Interest accrued	61.52	1.82
Total (B)	591.70	530.09
Total (A+B)	780.06	768.08

(i) The Company has pledged its deposits with banks amounting to ₹ 4.24 (31 March 2022: ₹ 1.87) in order to fulfill collateral requirements.

13 Other assets

	31 March 2023	31 March 2022
Non-current		
Capital advances	13.34	13.14
Prepaid expenses	34.07	34.02
Advance tax & TDS receivable (net of provision for tax)	37.22	13.06
Total (A)	84.63	60.22
Current		
Advance for goods & services and others	682.49	720.06
Prepaid expenses	4.25	6.74
Other receivable	3.34	3.50
Claims receivable	134.15	36.50
Total (B)	824.23	766.80
Total (A+B)	908.86	827.02

14 Inventories

	31 March 2023	31 March 2022
(at lower of cost or net realisable value)		
Fuel	153.27	81.80
Fuel-in-transit	0.35	4.81
Stores and spares (including consumables)	65.46	62.58
Total	219.08	149.19

(i) Inventory of ₹ 219.08 (31 March 2022: ₹ 149.19) for the Company is subject to security restrictions (refer note 18).

15 Cash and cash equivalents

	31 March 2023	31 March 2022
Cash on hand	0.03	0.07
Balances with banks		
On current account	148.18	242.37
On deposit account	1,575.34	2,708.12
Total	1,723.55	2,950.56



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16 Other bank balances

	31 March 2023	31 March 2022
Deposits with bank	2,561.24	35.32
Total	2,561.24	35.32

(i) The Company has pledged its deposit with banks amounting to ₹ 9.98 (31 March 2022: ₹ 34.35) in order to fulfill collateral requirements.

17 Share capital

Particulars	31 March 2023	31 March 2022
Authorized		
8,500,000,000 (31 March 2022: 8,500,000,000) equity shares of ₹ 10 each	8,500.00	8,500.00
1,500,000,000 (31 March 2022 : 1,500,000,000) preference shares of ₹ 10 each	1,500.00	1,500.00
	10,000.00	10,000.00
Issued, subscribed and fully paid-up		
3,609,502,944 (31 March 2022: 3,609,502,944) equity shares of ₹ 10 each fully paid-up	3,609.50	3,609.50
	3,609.50	3,609.50

Notes

i) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

ii) Reconciliation of number of shares outstanding

Particulars	31 March 2023	31 March 2022
Equity shares fully paid-up		
Outstanding at the beginning of the year	360.95	360.95
Issued during the year	-	-
Outstanding at the end of the year	360.95	360.95

iii) Particulars of share holders holding more than 5% of the outstanding shares

Name of the shareholder	31 March 2023	31 March 2022
SBICAP trustee company limited		
No. of shares held	279.45	279.45
% of shares held	77.42%	77.42%
KSK Energy Ventures Limited		
No. of shares held	35.86	35.86
% of shares held	9.94%	9.94%
KSK Energy Company Private Limited		
No. of shares held	25.00	25.00
% of shares held	6.93%	6.93%

18 Borrowings

	31 March 2023	31 March 2022
Current		
<i>Secured</i>		
Current maturities long-term debt	18,854.69	18,659.36
Loans payable on demand		
From banks	121.40	862.03
From others	1,633.11	589.48
Total	20,609.20	20,110.87



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1 CIRP of the Company was initiated against the Company on 03 October 2019 and claims have been filed by the financial creditors. The admitted financial claims amounts to ₹ 29,501.55 (other than claims of related party) which not only includes fund based liabilities but also non fund based liabilities. The treatment of the claims will be based on the resolution plan to be approved by the CoC. Considering that the Company is undergoing CIRP and receipt of re-call notices by the lenders, the entire loan outstanding has been reclassified under current liabilities.

2 Details of securities pledged & repayment terms:

a) Pursuant to the Company admitted for Corporate Insolvency Resolution process by NCLT, Senior debt rupee and Sub-debt rupee term loans from banks and others and foreign currency loans reclassified under Current maturities of long-debt aggregating to ₹ 18,854.69 (31 March 2022: ₹ 18,659.36) are secured by first charge are secured by second charge, over all immovable properties, movable properties, intangible assets, current assets and other assets of the company both present and future. Further secured by pledge of certain equity shares of the Company, Corporate guarantee of KSK Energy Company Private Limited, personal guarantees of promoters.

b) Loans repayable on demand are secured by pari-passu charge on all fixed assets and current assets of the Company. Further secured by pledge of certain equity shares of the company pari-passu with term lenders.

19 Provisions

	31 March 2023	31 March 2022
Non-current		
For employee benefits	12.41	11.19
Total	12.41	11.19

Note

a) The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an Insurance company in the form of a qualifying insurance policy.

The following table sets out the status of the gratuity plan as required under IND AS 19

A. Net Benefit liability

	31 March 2023	31 March 2022
Defined benefit obligation	21.65	20.78
Fair value of plan assets	(9.24)	(9.59)
Benefit liability	12.41	11.19

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

	31 March 2023	31 March 2022
Defined benefit obligation as at the beginning of the year	20.78	21.65
Included in income statement		
Current service cost	1.97	2.16
Interest cost	1.52	1.48
Total (A)	24.27	25.29
Included in other comprehensive income		
Re-measurement loss / (gain)		
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in financial assumptions	(0.52)	(1.46)
Experience variance (i.e. Actual experience vs assumptions)	(1.13)	(1.65)
Total (B)	(1.65)	(3.11)
Others		
Benefits paid	(0.97)	(1.40)
Total (C)	(0.97)	(1.40)
Defined benefit obligation as at the end of the year (A to C)	21.65	20.78

Changes in the fair value of plan assets are as follows

	31 March 2023	31 March 2022
Fair Value of plan assets (A)		
Fair value of plan assets beginning of the year	9.59	8.79
Included in income statement		
Interest income	0.70	0.60
Total (B)	0.70	0.60
Included in other comprehensive income		
Re-measurement loss / (gain)		
Return on plan asset (excluding amounts included in net interest expense)	(0.15)	(0.02)
Total (C)	(0.15)	(0.02)
Others		
Contributions	0.07	1.62
Benefits paid	(0.97)	(1.40)
Total (D)	(0.90)	0.22
Fair value of plan assets end of the year (A to D)	9.24	9.59



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

Net defined benefit liability (asset)		
	31 March 2023	31 March 2022
Balance (A)	11.19	12.86
Included in income statement		
Current service cost	1.97	2.16
Interest cost/(income)	0.82	0.88
Expenses Recognised in the Income Statement (B)	2.79	3.04
Included in other comprehensive income		
Re-measurement loss / (gain)		
Actuarial (gains) on obligation		
Change in financial assumptions	(0.52)	(1.46)
Experience variance (i.e. actual experience vs assumptions)	(1.13)	(1.65)
Return on plan asset (excluding amounts included in net interest expense)	0.16	0.02
Total (C)	(1.49)	(3.09)
Others		
Contributions by employer	(0.07)	(1.62)
Total (D)	(0.07)	(1.62)
Defined benefit obligation as at the end of the year (A to D)	12.42	11.19

Asset information

	31 March 2023	31 March 2022
Insurer managed funds	100%	100%

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

	31 March 2023	31 March 2022
Discount rate	7.48%	7.30%
Rate of increase in compensation levels	10.00%	10.00%

Sensitivity analysis

	31 March 2023		31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 1% movement)	(3.35)	2.78	(3.41)	2.81
Salary growth rate (- / + 1% movement)	2.26	(2.39)	2.25	(2.35)

Discount rate: The discount rate is based on the prevailing market yields of Indian government bonds as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

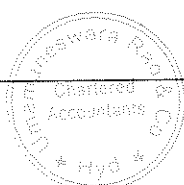
20 Lease liabilities

	31 March 2023	31 March 2022
Non-current		
Lease charges payable	27.37	27.39
Total (A)	27.37	27.39
Current		
Lease charges payable	54.56	46.02
Total (B)	54.56	46.02
Total (A+B)	81.93	73.41

Note: In connection with current lease liabilities, the amount pertaining to pre-CIRP dues has been recorded as per the requirements of Ind AS 116. The Pre-CIRP outstanding liability has not been paid by the Resolution Professional (RP) as per the code and shall be discharged pursuant to the approved resolution plan".

21 Other financial liabilities

	31 March 2023	31 March 2022
Current		
Creditors for capital goods (including retention money)		
Dues to micro and small enterprises	1.71	1.80
Dues to other than micro and small enterprises	1,869.51	1,759.39
Salary and bonus payable	19.21	18.35
Interest accrued	1,105.51	1,104.80
Other financial liabilities	7.09	16.24
Total	3,003.03	2,900.58



KSK Mahanadi Power Company Limited**Notes to financial statements***(All amounts are in ₹ Crores, unless otherwise stated)***22 Trade payables**

	31 March 2023	31 March 2022
Dues to micro and small enterprises *	31.88	52.52
Dues to other than micro and small enterprises	1,104.77	1,188.03
Total	1,136.65	1,240.55

Note: Pursuant to the Company admitted for Corporate Insolvency Resolution process by NCLT (ref note 32 (i)) the Pre-CIRP outstanding liability has not been paid by the management / Resolution Professional (RP) as per the code and shall be discharged upon approval of resolution plan of successful Resolution Applicant. Accordingly ageing of trade payable is not given in financial statement.

* Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act)
The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2023 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the aforesaid Act is not expected to be material. The company has not received any claim for interest from any supplier under the MSMED Act.

Trade payable are non-interest bearing and mainly includes amount payable to coal suppliers and operation and maintenance vendors in whose case credit period allowed is less than 12 months. Since the average credit period is less than 12 months, the trade payable amount has been classified as current.

Particulars	31 March 2023	31 March 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	33.59	54.32
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	Nil	Nil

23 Other liabilities

	31 March 2023	31 March 2022
Current		
Statutory liabilities	409.12	354.35
Other liabilities	0.60	1.03
Total	409.72	355.38



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

24 Deferred tax (liability) / assets

Deferred income tax at

	01 April 2022	Recognised in P & L	Recognised in OCI	31 March 2023
Deferred income tax assets				
Unused tax losses carried forward	713.65	(74.11)	-	639.54
Others	168.06	198.46	-	366.52
Total (A)	881.71	124.35	-	1,006.06
Deferred income tax liabilities				
Property, plant and equipment	881.71	124.35	-	1,006.06
Total (B)	881.71	124.35	-	1,006.06
Deferred income tax asset, net (A-B)	-	-	-	-

	01 April 2021	Recognised in P & L	Recognised in OCI	31 March 2022
Deferred income tax assets				
Unused tax losses carried forward	1,293.85	(580.20)	-	713.65
Others	202.58	(33.75)	(0.77)	168.06
Total (A)	1,496.43	(613.95)	(0.77)	881.71
Deferred income tax liabilities				
Property, plant and equipment	1,047.99	(166.28)	-	881.71
Total (B)	1,047.99	(166.28)	-	881.71
Deferred income tax asset, net (A-B)	448.44	(447.67)	(0.77)	-

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 2023 and 31 March 2022 is as follows:

	31 March 2023	31 March 2022
Accounting Profit before tax	617.97	779.09
Effective tax rates	25.17%	25.17%
Tax on Profit at effective rates	155.53	196.08
Expenditure not deductible for tax purpose	6.78	0.56
Movement in unrecognised deferred tax assets/(liability)	(160.91)	(350.30)
Deferred tax on Land indexation	(3.19)	(3.65)
Changes in earlier year carried forward losses	5.54	301.23
Change in effective tax rate	-	303.74
Others	(3.75)	-
Actual tax expense	0.00	447.67



KSK Mahanadi Power Company Limited**Notes to financial statements***(All amounts are in ₹ Crores, unless otherwise stated)***25 Revenue from operations**

	Year ended 31 March 2023	Year ended 31 March 2022
Sale of electricity	5,105.80	4,192.48
Income from services	10.31	-
Other operating revenue-scrap sales	0.08	0.07
Total	5,116.19	4,192.55

26 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Interest income	649.88	78.72
Miscellaneous income	1.09	1.06
Total	650.97	79.78

Note:

(i) Interest income comprises of :

- a) Interest income of ₹ 649.79 (31 March 2022: ₹ 78.72) on financial assets carried at amortised cost, which includes interest from fixed deposits with banks, interest from loans and advances and interest on late payment surcharge.
- b) Interest income of ₹ 0.09 (31 March 2022: ₹ Nil) on tax refunds.

27 Cost of fuel consumed

	Year ended 31 March 2023	Year ended 31 March 2022
Consumption of coal	3,167.38	2,001.18
Consumption of LDO	14.60	11.43
Total	3,181.98	2,012.61

28 Employee benefits expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	66.83	67.26
Contribution to provident and other funds	8.82	7.80
Staff welfare expenses	5.56	4.59
Total	81.21	79.65

29 Finance costs

	Year ended 31 March 2023	Year ended 31 March 2022
Interest expenses	8.64	7.87
Other borrowing cost	147.82	31.07
Total	156.46	38.94



KSK Mahanadi Power Company Limited**Notes to financial statements***(All amounts are in ₹ Crores, unless otherwise stated)***30 Other expenses**

	Year ended 31 March 2023	Year ended 31 March 2022
Stores and spares	49.39	54.54
Repairs and maintenance		
Plant and equipment	201.65	199.75
Others	4.58	4.50
Sale obligation charges	308.36	18.43
Raw water charges	77.54	186.00
Rent	1.63	2.33
Rates and taxes	57.94	50.15
Insurance charges	22.41	21.54
Legal and professional charges	10.83	10.02
Remuneration to auditors		
for audit	0.18	0.18
for tax audit	0.02	0.02
Travel and conveyance	5.15	4.36
Foreign exchange fluctuations	138.58	48.72
Freight outward	143.27	71.28
Provision for doubtful debts/receivables	26.42	-
Miscellaneous expenses	16.06	17.84
Total	1,064.01	689.66

31 Other comprehensive income

	Year ended 31 March 2023	Year ended 31 March 2022
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans;	1.49	3.08
Income tax relating to items that will not be reclassified to profit or loss	-	(0.77)
	1.49	2.31

32 Capital commitment and contingent liabilities**Capital commitment**

a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances ₹ 5,879.00 (31 March 2022: ₹ 5,484.60).

Contingent liabilities, other legal and regulatory matters

a) Corporate guarantees outstanding ₹ 632.07 (31 March 2022: 632.07) [refer note:18]

b) Claims against the company not acknowledge as debt : ₹ 1,169.04 (31 March 2022: ₹ 686.22).

c) Company has levied capacity charges and transmission charges to Andhra Pradesh and Telangana Discoms for the period from 16 June 2013 to 13 August 2013 amounting to ₹ 79.75 (31 March 2022 ₹ 79.75) on account of delayed fulfilment of obligation under the PPA. Both the Discoms have rejected those claims and made the counter claim of ₹ 23.60 (31 March 2022 ₹ 23.60) for failure to furnish advance final written notice of commencement of supply of power as per article 4.1.2 of PPA. The company has preferred an appeal before Andhra Pradesh Electricity Regulatory Commission and Telangana State Electricity Regulatory Commission for refund of amount collected by Discoms by encashment of bank guarantee. However, due to jurisdiction issue, the matter has been transferred to Hon'ble CERC and the matter is pending before commission. The company's contention is since Discoms have failed to fulfil the obligation as per PPA, there is default on their part and counter claim by them is merely to negate the effect of company claim of capacity charges.

During the financial year 2018-2019, AP Discoms had continuously defaulted in payment, including but not limited to Transmission charges, leading to corresponding delay/non-payment which resulted in non-payment of POC charges by KMPCL to PGCIL. Consequently, PGCIL had enforced power regulations from April 2018 to September 2018 and from January 2019 to March 2019. As the primary responsibility to pay transmission charges is that of the Procurer and our plant was available, KMPCL has claimed capacity charges for an amount of ₹ 402 including for non-issuance of PSM. KMPCL has also paid the transmission charges from its own sources amounting to ₹ 156.69 for the period of power regulation, which is also pending for reimbursement from Discom. The Company has filed a petition with the regulator (CERC) in petition no 53/MP/2021 and 149/MP/2021. Hearing was held on 29th May 2023 and order is reserved by CERC.



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

AP Discoms have issued a termination notice on 19.12.2020 citing clause 11 of PPA (The PPA with AP Discom was to expire on 31 March 2021) and has claimed a penalty of ₹ 482.18. The Company has challenged the same as it believes that its illegal and arbitrary. The petition has been filed with CERC, where the Jurisdiction issue as raised by AP Discom has been settled in favour of the Company. Hearing was held on 29 May 2023 and order is reserved by CERC. However, considering the acknowledgement of dues only to the extent of ₹ 277.25 by AP Discom, the Company has made a provision for the balance receivable on conservative basis.

d) Trade receivables includes an amount of ₹1,049.30 (net of provision and including carrying cost) (31 March 2022 ₹ 740.09) towards change in law claims from State Discoms. The Change in law claims relates to (a) various statutory duties, levies and cess levied by Government and Government instrumentality from the cut-off date as defined in the PPA and (b) pursuant to Ministry of Power directive with respect to the Presidential directive on coal linkages of Coal India.

During the financial year 2018-2019, Company has received favourable orders from CERC for change in taxes relating to States Discoms namely, Uttar Pradesh (UPPCL) and Tamil Nadu (TANGEDCO) and during the financial year 2019-2020, company received favourable order of Taxes & Duties claim for AP Discom and Telangana Discoms. The CIL amounts started realising from UP Discom. However, TANGEDCO have preferred an appeal at APTEL against the CERC order. During the year 2019-2020, the Company has received an interim order from APTEL directing TANGEDCO to pay at least 50% of the claims filed.

With respect to Change in law claim for Coal for TANGEDCO Discom and AP&TS Discoms, the Company has received unfavourable order from CERC against which company has an appeal before APTEL against TANGEDCO and AP order. APTEL has remanded back to CERC to decide again on the CIL-Coal in TANGEDCO petition (179/MP/2016). Matter is pending before CERC. However, on conservative basis, since the Company has lost at CERC level, the Company has made a provision of ₹ 1,555.81.

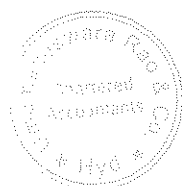
Import Coal claim with Discoms - MOP has issued directives to all the generators for procurement of import coal for blending purpose. It made mandatory to all the generators to assess coal requirement and place order with Coal India Limited to procure import coal for blending purpose. Blending at the rate of 15% upto October 2022 and thereafter at the rate of 10% from November 2022 to March 2023. In case generator fails to place order for import coal, domestic linkage shall be cut in proportionately. Accordingly, TANGEDCO has issued for consent to settle the claim as per MOP guidelines, whereas UPPCL has initially given consent for 4% of requirement and subsequently withdrawn the same and informed that the import coal shall not be payable as per the directions of Govt. of Uttar Pradesh. Company has submitted the claim with TANGEDCO for ₹ 36.75 & ₹ 42.31 with UP Discoms as per MOP guidelines. Subsequent to Balance Sheet date TANGEDCO has paid the claim amount however, UPPCL has not acknowledged the claim and returned the invoice. Company is under process to file petition with Hon'ble CERC under Sec.11 of Electricity act 2003. Hence company is continuing as receivable in books.

(e) CERC Escalation claim

CERC vide its notification dated 01 June 2018 has notified revised escalation rates for the period from April 2013 till the date of notification, effective retrospectively. As per the notification CERC has been using Wholesale Price Index (WPI) for Non-coking coal published by Department of Industrial Policy & Promotion (DIPP) for computing the escalation rate for domestic coal. On 12.05.2017, the Office of the Economic Advisor, DIPP, Ministry of Commerce & Industry published the new series of WPI (Base 2011-2012) from April 2012. The escalation rate for domestic coal for the purpose of payment based on the new series of WPI for Non-coking coal (G7-G14) was more reflective of the prices of grades of Non-coking coal used by the power sector as compared to the old series of WPI for Non-coking coal (which represents the price of all grades of Non-coking coal i.e. G1-G17). Therefore, consequent to the availability of the new series of WPI for Non-coking coal (G7-G14), the Commission has decided to adopt the new series from April 2012 for notification of the escalation rates for domestic coal.

Based on the above, the Company has raised the supplementary invoice for the period from August 2015 (commencement of supplies to TANGEDCO) till the date of notification i.e. claim amount up to May 2018 for an amount of ₹ 105.56 based on the revised escalation index notified by CERC. Company had received an amount of ₹ 50.66 towards these bills. However, the claims pertaining to the period from August 2015 to March 2017 has not been accepted by TANGEDCO.

Further, TANGEDCO & other power generators have filed a writ petition before the Delhi High court in respect of the above, which is pending for adjudication. The company is awaiting for the judgement. The Company would file with the regulator for the above claim once the petition before Delhi High court is disposed off and continue to show the amount receivable from TANGEDCO.



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

(f) Transmission charges claim

As part of its monthly billing, the Company has raised invoices relating to the energy charges and transmission charges. However, TANGEDCO has wrongfully and unilaterally deducted the part amounts due in respect of the transmission charges amounting to ₹ 63.45. As per the PPA, the obligation for payment of Transmission Charges and RLDC/SLDC Charges is solely on the procurer i.e. TANGEDCO. However, the interpretation sought to be made by TANGEDCO is that the transmission charges (POC) are to be paid only in proportion to the declared capacity. As per the terms of the PPA, the payment of transmission charges based on the capacity made available. The liability of payment of Transmission charges is a separate and distinct liability of the procurer which cannot be linked to the capacity made available. The same needs to be paid on the contracted capacity as stated in the PPA. Therefore, there can be no dispute on the fact that the transmission charges including POC, Non-POC charges and also RLDC and SLDC charges, are the responsibility of TANGEDCO. The Company is only paying the charges on behalf of TANGEDCO and is entitled to recover the entire charges on reimbursement basis and is not subject to any adjudication or adjustment. The entire charges paid to the transmission licensee with respect to the contracted capacity are to be recovered from TANGEDCO. The company has filed the petition with the Hon'ble CERC in respect of the above claim and the commission heard the petition and matter is reserved for orders, accordingly continue to show the amount receivable from TANGEDCO.

g) Scheduled delivery date of supply of power to TANGEDCO is 01.10.2013. However, due to non-availability of LTA, KMPCL started supplying power to TANGEDCO (500MW) from 01.10.2015 onwards. Invoice raised by the company with the Tariff of 2013-2014 from the start of the supplies. However, TANGEDCO considered the tariff of 2015-2016 for the invoices and deducted the differential amount. TANGEDCO has deducted an amount of ₹ 85.44 towards this for the period from 2015-2016 to 2019-2020 (KMPCL charged the tariff rates of 1st year 2013-2014 but TANGEDCO paid with tariff rates of 2015-2016). The same was contended by the company and moved a petition with Hon'ble CERC. Hon'ble CERC has given a favourable order on 23.07.2019 that the first contract year tariff (2013-2014) as per original dates in the Schedule 8 of the PPA shall now be the applicable tariff for 2015-2016, i.e. the first year of power supply. Similarly, the second contract year tariff (2014-2015) as per original dates in Schedule 8 of the PPA shall now be the applicable tariff for the 2016-2017 i.e. the second year of power supply and so on. However, TANGEDCO moved an appeal in APTEL and APTEL has upheld the CERC order and accordingly company has started receiving the due amount. KMPCL filed the appeal in Supreme Court against the APTEL order for not extending the expiry date consequent to the start date. Matter is pending before Honourable Supreme Court.

h) The Company has awarded EPC contract to M/s Sepco Electric Power Construction Corporation for implementing six units of 600 MW each. Out of the six units three units are already commissioned and balance three units are under construction. However, there is a delay in completion of the project due to various reasons beyond the control of the management, resulting in accumulation of dues to Sepco. The EPC contractor has raised claims amounting to USD 672 million and ₹ 700 on various grounds such as outstanding dues against invoices billed, interest and foreign exchange variation, compensation for cost incurred with respect to works and supplies relating to balance units under construction and other claims. The company has disputed these claims and raised various counter claims arising out of SEPCO's default. The discussion between the company and SEPCO could not reach any logical conclusion and hence no adjustment has been made in the books of account. Subsequently, SEPCO has filed a Company Petition (CP) for initiation of Corporate Insolvency and Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC) with National Company Law Tribunal, Hyderabad (NCLT) and the same has been disposed of with a direction to file their claims before the RP appointed by NCLT in the CP filed by Power Finance Corporation Limited wherein the company has been admitted to CIRP.

i) Power Finance Corporation Limited, Financial Creditor of the Company had filed a Company Petition (CP) to initiate Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("Code") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 and the same was admitted by Hon'ble National Company Law Tribunal (NCLT), Hyderabad on 03 October 2019. Pursuant to the CP filed by PFC, Mr. Mahendar Kumar Khandelwal (IP Registration No. IBBI Regd No: IBBI/IPA-001/IP-P00033/2016-17/10086) was appointed as Interim Resolution Professional (IRP) with effect from 03 October 2019 under the provisions of IBC (Code). In accordance with the provisions of the code, Committee of Creditors has been constituted by the IRP and the Powers of Board of Directors was suspended in accordance with the provisions of Section 17(1)(b) of the Code and the same is vested with the IRP / RP. Subsequently, Mr. Sumit Binani (IP Registration No. IBBI Regd. No: IBBI/IPA-001/IP-N00005/2016-17/10025) has been appointed as the Resolution Professional (RP) by the Committee of Creditors. Notwithstanding the above, the company continues to prepare its financial statements as going concern.



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

j) The Company had participated in the competitive bid of GUVNL (Gujarat Urja Vikas Nigam Limited) for procurement of 3000 MW + 20% power on long-term basis under Case I bidding guidelines and was offered 1010 MW. The bid of the Company was conditional upon supply of coal by Gujarat Mineral Development Corporation (GMDC) from Morga II coal block allocated to GMDC through execution of a Fuel Supply Agreement (FSA).

In terms of the PPA, KMPCL submitted the Contract Performance Guarantee (CPG) in the form of a Bank Guarantee for ₹ 303 (issued by Andhra Bank now merged into Union Bank of India) and the power supply was to commence by 03 June 2015 (Scheduled Delivery Date). However, Hon'ble Supreme Court of India vide its order dated 24 September 2014 cancelled the allocation of coal blocks by Government of India which included the Morga II block allocated to GMDC. Consequently, GMDC was not in a position to supply coal in terms of Fuel Supply Agreement. Eventually the FSA was terminated on 04 September 2015.

Consequent to the cancellation of coal block and termination of FSA, KMPCL had communicated to GUVNL that its PPA for supply of 1010 MW also got terminated with effect from 04 September 2015 and requested GUVNL to return the CPG of ₹ 303 submitted by it. However, GUVNL preferred a Petition No. 1505/ 2015 before GERC to adjudicate the dispute with respect to the PPA and sought directions to KMPCL to renew and maintain the CPG. KMPCL had also filed an Application and challenged the jurisdiction of GERC to adjudicate the dispute.

Despite the challenge by KMPCL, GERC vide its order dated 04 February 2016, directed KMPCL to keep the Bank Guarantee valid during the pendency of the petition before it. In compliance with the order of GERC, KMPCL continued to maintain the validity of the Bank Guarantee.

In April 2022, GERC passed an order that since the generator and the off taker belongs to different states, the appeal should be filed with CERC and GERC does not have jurisdiction in this matter. As the validity of the BG was to expire on 10 April 2022, GUVNL requested to extend the validity. Without prejudice to its contention, on 08 April 2022, KMPCL extended the validity till 10 July 2022. However, on 12 April 2022 GUVNL invoked the Bank Guarantee. The Company is in discussions with the legal counsels on the way forward to challenge the said invocation by GUVNL. However, Company has made a provision of ₹ 303 to the extent of value of Bank Guarantee invoked on conservative basis.

k) In addition, the company 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 impact on the company's result of operation or financial condition.

33 Segment reporting

The Company is engaged in the setting up of the power plant at Janjgir - Champa district of Chhattisgarh State. Considering the nature of Company's business and operations as well as based on reviews of operating results by the chief operating decision maker to make decisions about resource allocation and performance measurement, there is only one reportable segment in accordance with the requirements of Ind AS - 108 – "Operating Segments", prescribed under Companies (Indian Accounting Standards) Rules, 2015.

34 Related party transactions

A. List of related parties and nature of relations

S.No. Name of related party

Subsidiary

- 1 Sai Power Pte Limited

Associates

- 1 KSK Water Infrastructures Private Limited
- 2 Raigarh Champa Rail Infrastructure Private Limited

B. Key management personnel

S.No.	Name	Nature of relationship
1	S.Kishore	Director / Share holder
2	Ashu Handa	Chief Financial Officer
3	M.S.Phani Sekhar	Company Secretary / Share holder



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

C. Particulars of related party transactions for the year ended

S.No. Nature of transaction	31 March 2023	
	Associates	KMP
1 Raw water transportation charges	49.32	-
2 Rail infrastructure charges	119.35	-
3 Managerial remuneration	-	1.11

S.No. Nature of transaction	31 March 2022	
	Associates	KMP
1 Raw water transportation charges	149.90	-
2 Rail infrastructure charges	139.37	-
3 Managerial remuneration	-	1.09

Balances

S.No. Nature of transaction	Associates	KMP
31 March 2023		
1 Amount payable	18.70	0.09
31 March 2022		
1 Amount payable	67.76	0.06

Corporate guarantees of ₹ 632.07 (31 March 2022: ₹ 632.07) has been provided on behalf of associates.

35 Earnings per share [EPS]

The computation of EPS as per Ind AS 33 is set out below

Particulars	Year ended	Year ended
	31 March 2023	31 March 2022
Net profit / (loss) attributable to equity share holders	617.97	331.42
Weighted average number of equity shares for basic EPS	3,60,95,02,944	3,60,95,02,944
Basic & diluted EPS	1.71	0.92
Face value of shares	10.00	10.00



36 Financial risk management objectives and policies

The Company's risk management activities are subject to the management direction and control under the framework of Risk Management Policy as approved by the Board of Directors of the company. The Management ensures appropriate risk governance framework for the company through appropriate policies and procedures and that risks are identified, measured and managed in accordance with the company's policies and risk objectives.

In the ordinary course of business, the Company is exposed to market risk, credit risk and liquidity risk.

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 commodity risk.

(a) 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 Company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates. The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Consequent to the credit facilities from Banks and Financial Institutions became NPA the Company discontinued the assessment of impact of interest rate risk.

(b) 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 company's exposure to the risk of changes in foreign exchange rates relates primarily to foreign currency borrowings and imports of raw-material, spares and capital goods.

The Company manages its foreign currency risk by hedging transactions that are expected to realise in near future by using foreign currency forward contracts. Short-term foreign exchange exposures are hedged progressively based on their maturity. Long-term exposures are normally unhedged.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ are as follows

	31 March 2023		31 March 2022	
	USD	RMB	USD	RMB
Financial asset				
Bank balance	0.00	0.01	0.00	0.01
Derivative asstes				
Forward contracts	-	-	-	-
Financial liabilities				
Foreign currency loan	780.61	-	713.14	-
Capital creditors	1,381.97	-	1,272.41	-
Interest on loans	9.14	-	8.42	-

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 the entity. Set out below is the impact of a 5% change in the US dollar on profit and equity arising as a result of the revaluation of the company's foreign currency financial instruments:

	Closing exchange rate	Effect of 5% strengthening of US \$ on net earnings	Effect of 5% strengthening of US \$ on total equity
31 March 2023			
United States Dollar	82.17	(108.59)	(108.59)
31 March 2022			
United States Dollar	75.65	(99.98)	(99.98)



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

(c) Commodity price risk

The Company is affected by the price volatility of certain commodities which is moderated by optimising the procurement under fuel supply agreement. Its operating activities require the on-going purchase or continuous supply of coal. Therefore the Company monitors its purchases closely to optimise the price.

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 Company 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	
	31 March 2023	31 March 2022
Trade receivables	4,674.43	4,319.84
Deposits with banks	2,569.11	41.11
Other financial asset	772.19	762.29
	8,015.73	5,123.24

The Company has exposure to credit risk from a limited customer group on account of supply of power. However, the company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are State Electricity Board which are Government undertakings and hence they are secured from credit losses in the future. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The Company's maximum exposure for financial guarantees are noted in note 32.

The Company's management believes that all the above financial assets are not impaired for each of the reporting dates under review and are of good credit quality.

Liquidity risk analysis

The Company'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 company manages its liquidity needs by carefully monitoring cash outflows due in day-today business.

The following is an analysis of the Company contractual undiscounted cash flows payable under financial liabilities at 31 March 2023

	Current		Non-current		Total
	< 12 months	1-5 years	> 5 years		
Loan and borrowings *	20,609.20	-	-		20,609.20
Trade and other payables	1,136.65	-	-		1,136.65
Other financial liabilities	3,003.03	-	-		3,003.03
Lease liabilities	38.61	13.78	321.65		374.05
Total	24,787.49	13.78	321.65		25,122.93

The following is an analysis of the Company contractual undiscounted cash flows payable under financial liabilities at 31 March 2022

	Current		Non-current		Total
	< 12 months	1-5 years	> 5 years		
Loan and borrowings *	20,244.31	-	-		20,244.31
Trade and other payables	1,240.55	-	-		1,240.55
Other financial liabilities	2,900.58	-	-		2,900.58
Lease liabilities	30.25	13.78	324.41		368.44
Total	24,415.69	13.78	324.41		24,753.88

* future interest is not considered in the above table since Company Account became substandard in April 2018.



KSK Mahanadi Power Company Limited
Notes to financial statements
(All amounts are in ₹ Crores, unless otherwise stated)
Capital management

Capital includes equity attributable to the equity holders of the Company and debt. The primary objective of the company'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 Company'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;

No changes were made in the objectives, policies or processes during the year ended 31 March 2023 and 31 March 2022.

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

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

	31 March 2023	31 March 2022
Total borrowing	20,609.20	20,110.87
less : Cash and bank balances	1,723.55	2,950.56
less : Other bank balances	2,561.24	35.32
Net debt	16,324.41	17,124.99
Equity	1,653.41	1,033.95
Total equity	1,653.41	1,033.95
Net debt to equity ratio	10.00	17.00

37 Financial instruments
Carrying amounts versus fair values

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

	Carrying amount		Fair value	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Non- current financial assets				
Other financial asset	188.36	237.99	188.36	237.99
Total non-current	188.36	237.99	188.36	237.99
Current financial assets				
Trade receivables	4,674.43	4,319.84	4,674.43	4,319.84
Cash and bank balances	1,723.55	2,950.56	1,723.55	2,950.56
Other bank balances	2,561.24	35.32	2,561.24	35.32
Other financial asset	591.70	530.09	591.70	530.09
Total current	9,550.92	7,835.81	9,550.92	7,835.81
Total	9,739.28	8,073.80	9,739.28	8,073.80
Non- current financial liabilities				
Lease liabilities	27.37	27.39	27.37	27.39
Total non-current (A)	27.37	27.39	27.37	27.39
Current financial liabilities				
Borrowings	20,609.20	20,110.87	20,609.20	20,110.87
Trade payables	1,136.65	1,240.55	1,136.65	1,240.55
Other financial liabilities	3,003.03	2,900.58	3,003.03	2,900.58
Lease liabilities	54.56	46.02	54.56	46.02
Total current (B)	24,803.44	24,298.02	24,803.44	24,298.02
Total (A+B)	24,830.81	24,325.41	24,830.81	24,325.41



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

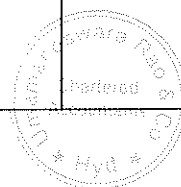
38 On account of ongoing CIRP proceeding against the Company and moratorium imposed by the IBC, company has not accounted for interest on borrowings from Banks and Financial Institutions (Refer Note 45). Had the company accounted for the interest as required under section 198 of the Companies Act 2013, average profit would have been negative (loss), accordingly Company is not required to spend any amount on CSR during the year.

The Company has incurred an amount of ₹ 0.51 (31 March 2022: ₹ 2.23) towards Corporate social responsibility (CSR) as per Section 135 of the Companies Act, 2013 and is included in other expenses.

Particulars	31 March 2023		31 March 2022	
	In cash	Yet to be paid	In cash	Yet to be paid
(a) Gross amount required to be spend	-	-	-	-
(b) Amount spend on				
(i) Construction/acquisition of asset	-	-	-	-
(ii) On purpose other than (i) above	0.46	0.05	0.95	1.28
Total	0.46	0.05	0.95	1.28

39 Financial ratios for the reporting period

S.No.	Particulars	Numerator	Denominattor	31 March 2023	31 March 2022	% of increase	Reason for variance exceeding 25%
(a)	Current ratio	Current assets	Current liabilities (excluding current maturity of long term debt)	1.67	1.46	14%	-
(b)	Debt-equity ratio	Debt consists of borrowings and lease liabilities	Shareholders equity	12.51	19.52	-36%	Decrease in debt to equity is on account current year profit that resulted in increase in Equity (Reserve & Surplus)
(c)	Debt service coverage ratio	Profit before exceptional items & tax + interest expenses + depreciation & amortisation - current tax expense	Interest expense + scheduled principal repayment of longterm debt and lease liabilities during the period	NA	NA	NA	Company is under CIRP and accordingly no interest has been accounted and repayment of loan done.
(d)	Return on equity ratio	Net Profits after taxes (including continuing and discontinuing operations)	Average Shareholder's Equity	0.46	0.38	20%	-
(e)	Inventory turnover ratio	Cost of gooods sold	Average inventory	17.55	15.03	17%	-
(f)	Trade receivables turnover ratio	Revenue from operations	Average receivables	1.14	1.18	-4%	-
(g)	Trade payables turnover ratio	Cost of fuel consumed + Other expenses	Average trade payables	3.17	2.24	42%	Increase in on account increase in coal consumption and set off by decrease in other expenses
(h)	Net capital turnover ratio	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	1.46	2.08	-30%	Decrease is on account of increase in Revenue from opetations vis a vis average working capital employed



KSK Mahanadi Power Company Limited

Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

S.No.	Particulars	Numerator	Denominator	31 March 2023	31 March 2022	% of increase	Reason for variance exceeding 25%
(i)	Net profit ratio	Profit for the year	Revenue from operations	0.12	0.08	53%	Increase is on account of no deferred tax expense accounted during the current year and offset by increase in coal consumption
(j)	Return on capital employed	Profit before tax and exceptional item + interest expense	Average Capital employed (Shareholder's equity + Total Debt + Deferred tax)	0.03	0.04	-23%	-
(k)	Return on investment	Interest income +Dividend income +Gain on fair value of current investment at Fair Value through Profit & Loss + Gain on Sale of Investment in	Average (Investment + Fixed deposit+ Loans Given)	0.05	0.03	76%	Increase is on account of increase in interest rates/income from deposit with the bank as compared to previous year

40 The RP has received and admitted claims amounting to approx. ₹ 29,501.55 (other than claims of related party) submitted by the financial creditors as on 03 October 2019. Pursuant to the moratorium imposed on the Company as well as non-recognition of the interest, since the claims have been admitted after due verification under the law, there exists no necessity to obtain confirmation from the financial creditors.

41 Pursuant to NCLT order, upheld by NCLAT and interim order of Supreme Court, during the year Company has accounted ₹ 49.32 towards water infrastructure charges billed by KSK Water Infrastructures Private Limited based on actual supply and the balance amount of ₹ 78.12 considered under contingent liability.

Pursuant to NCLT order and interim order of NCLAT, during the year Company has accounted ₹ 119.35 being 50% of invoice value towards rail infrastructure charges billed by Raigarh Champa Rail Infrastructure Private Limited and the balance amount of ₹ 119.35 considered under contingent liability.

42 In the opinion of board, any of the assets other than fixed assets and non-current investment have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated on the balance sheet.



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Notes to financial statements

(All amounts are in ₹ Crores, unless otherwise stated)

- 43 The Company had applied for Mega Power Project (MPP) Status separately for Unit 3 & 4 (1200 MW), Unit 2 & 5 (1200 MW) & 1&6 (1200 MW). Key benefit under MPP Status is exemption from Customs Duty on the import of equipment for the project. Bank Guarantees equivalent to the Customs Duty benefit are required to be provided by the Company. The same would be returned upon fulfillment of stipulated conditions under MPP i.e. tie up of long term PPA with state DISCOMS.

Final Mega Power Certificate has already been received for unit 3 & 4, remaining units are still covered under provisional mega power status.

The Mega Power Policy which was expiring in March 2017 was further extended by another 5 years (i.e till March 2022) by MoP vide memo dated 12 April 2017. Further, as per the Office Memorandum issued by Government of India, dated 07 April 2022 " the time period for ten provisional Mega Projects which are commissioned/partly commissioned for furnishing the final Mega certificates to the Tax authorities be extended to 156 months instead of 120 months from the date of import".

Unit no 2 & 5 have been covered under the provisional Mega projects, however unit 1 & 6 has not been covered.

The RP as well as the CoC pursuant to the discussions during the CoC meetings have agreed not to renew Customs related Bank Guarantees issued in respect of all the units since the same is not required to maintain going concern status of the Company during CIRP. Further, the customs department has already filed a claim before the RP amounting to approx. ₹ 720 which has been admitted.

- 44 The Company has 03 operating units of 600MW each, aggregating to 1800MW. The Company has PPA arrangements with UP Discoms (1000 MW - Net), TANGEDCO (500 MW – Net) and CSPTCL (5% of the net power export). The Company also had a PPA with AP Discoms which expired on 31 March 2021. After meeting the demands under the PPAs with UPPCL, TANGEDCO and CSPTCL as well as auxiliary power consumption, the balance untied capacity of approx. 90MW is being sold under short term arrangements to IEX as well as other DISCOMS. The coal requirement for the untied capacity is being met through e-auctions and open market procurement.

- 45 The Company has not accounted for interest on loans / borrowings from Banks and Financial Institutions effective from 01 April 2018 i.e. from the date of account the accounts classified as non-performing by the lenders and further to the ongoing CIRP proceedings against the company and moratorium imposed by the IBC. As at 31 March 2023, the unaccounted interest amounts to ₹ 25,737.13 out of which ₹ 5,547.33 relates to the pre-CIRP period. The above interest is calculated by the management based on terms of agreement and last advice received from lenders.

Further the management is of the view that, had the company created provision for the interest payable to financial institutions, the Company would have been under the obligation to deduct and deposit TDS under the provisions of the Income tax, Act, 1961. However, since the company is under CIRP and moratorium under Section 14 of IBC is in force, any deduction and depositing the TDS with the government authorities for the benefit of lenders would have led to payment (in the form of credit) to the lenders which is not permissible during CIRP.

- 46 Previous year's figures have been regrouped and reclassified wherever necessary to conform to the current year.

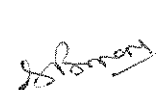
As per our report of even date
for **Umamaheswara Rao & Co.**
Chartered Accountants
Firm registration No. 004453S





R.R. Dakshinamurthy
Partner
Membership No. 211639



for and on behalf of **KSK Mahanadi Power Company Limited**


Sumit Binani
Resolution Professional
IP Regn.No. IBBI/IPA-001/IP-N00005/2016-17/10025


Ashu Handa
Chief Financial Officer


M.S. Phani Sekhar
Company Secretary

Place: Hyderabad
Date : 01 September 2023