



ANNUAL REPORT  
**2014-15**



# BOARD OF DIRECTORS



Mr. T.L. Sankar  
Chairman



Mr. S.R. Iyer  
Non-Executive Director



Mr. Girish Kulkarni  
Non-Executive Director



Mrs. Shubhalakshmi Panse  
Non-Executive Director



Mr. K. Bapi Raju  
Non-Executive Director



Mr. Tanmay Das  
Non-Executive Director



Mr. Anil Kumar Kutty  
Non-Executive Director



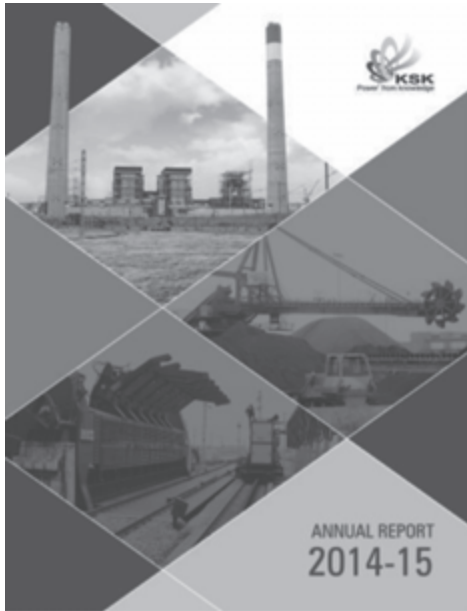
Mr. K.A. Sastry  
Whole-time Director



Mr. S. Kishore  
Whole-time Director



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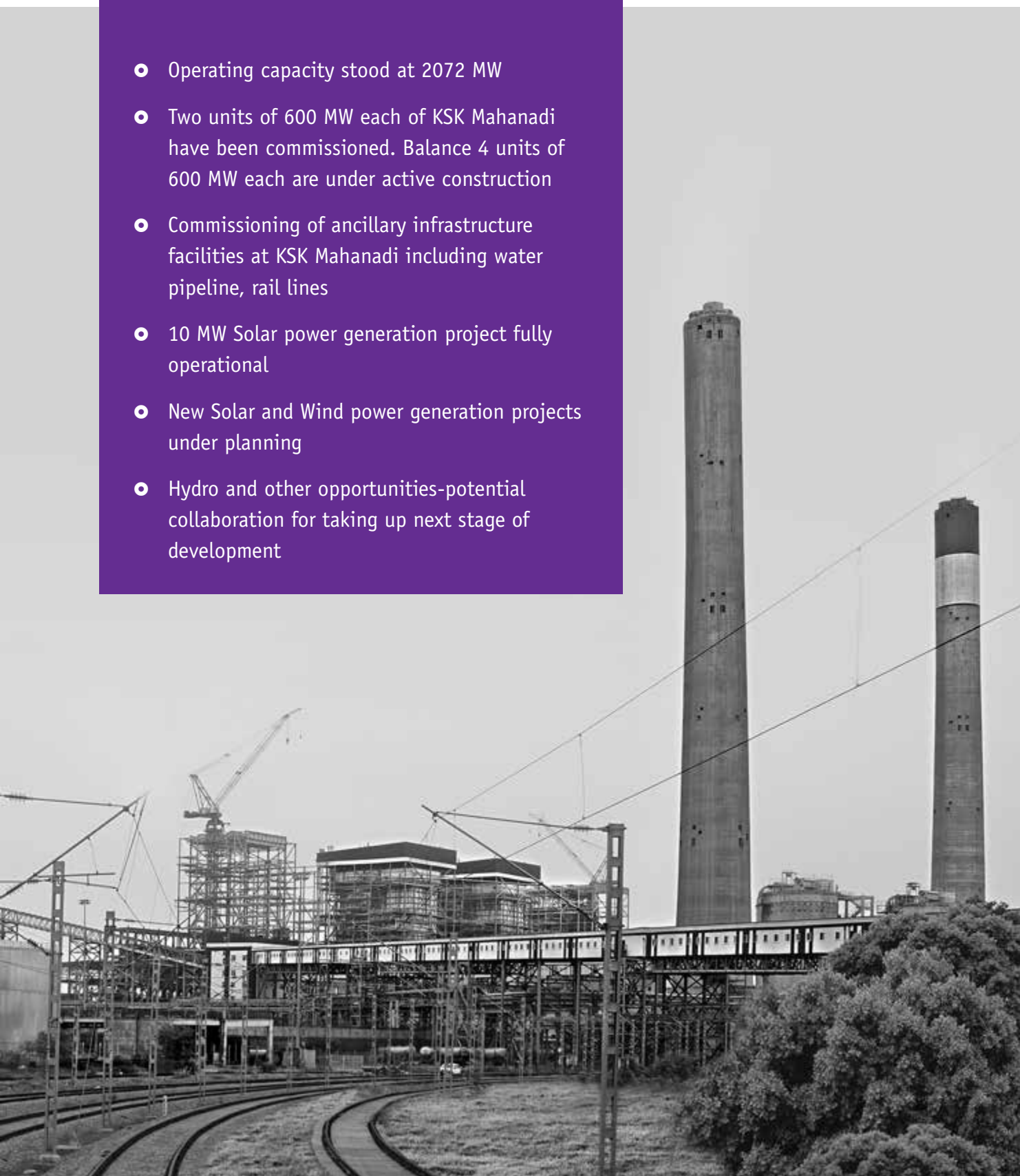
Notes to Consolidated  
Financial Statements

# Corporate Information

Board of Directors	Mr. T.L. Sankar Mr. S.R. Iyer Mr. Girish Nilkanth Kulkarni Mrs. Shubhalakshmi Panse Mr. K.A. Sastry Mr. S. Kishore Mr. K. Bapi Raju Mr. Anil Kumar Kutty Mr. Tanmay Das
Chief Financial Officer	Mr. V. Sambasiva Rao
Company Secretary	Mr. M.S. Phani Sekhar
Registered Office	8-2-293/82/A/431/A, Road No.22, Jubilee Hills, Hyderabad - 500 033, Telangana, India Ph: 040-23559922-25 Fax: 040-23559930 E-mail:investors@ksk.co.in CIN:L45204AP2001PLC057199
Statutory Auditors	M/s. Umamaheswara Rao & Co., Chartered Accountants Flat No.5-H, Krishna Apartments, Ameerpet X Roads, Hyderabad - 500 073 Telangana, India
Bankers	Andhra Bank Bank of India Indian Bank UCO Bank Axis Bank
Registrar & Share Transfer Agent	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Ph: 040-67162222 Fax: 040-23001153 E-mail: einward.ris@karvy.com
Shares Listed at	National Stock Exchange of India Limited BSE Limited
Website	<a href="http://www.ksk.co.in">www.ksk.co.in</a>

# Highlights of the year

- Operating capacity stood at 2072 MW
- Two units of 600 MW each of KSK Mahanadi have been commissioned. Balance 4 units of 600 MW each are under active construction
- Commissioning of ancillary infrastructure facilities at KSK Mahanadi including water pipeline, rail lines
- 10 MW Solar power generation project fully operational
- New Solar and Wind power generation projects under planning
- Hydro and other opportunities-potential collaboration for taking up next stage of development





# Chairman's Statement



**T.L.Sankar, Chairman**

Power generation in India has been on the increase with generation of 1,048 Terawatt hours (TWh) during 2014-15 on the back of doubling of installed capacity in the sector over the last decade. However, lower than 60% Plant Load Factor (PLF) experienced by private owned coal fired power plants across India during the year only goes to reflect the significant asymmetry that has occurred over the last three years with respect to fuel and transmission issues in the sector requiring corrective action for the sector as a whole.

The Group's gross generation of 6.16 TWhs during 2014-15 in spite of achieving an installed capacity base of 2072 MW only confirms to the overall sectoral trend of moderated PLFs. However, with the various challenges at 540 MW Sai Wardha and the 1,200 MW KSK Mahanadi power plants now being

addressed, it is anticipated that gross generation could achieve 9 TWhs during 2015-16.

Whilst the issues at Sai Wardha have seen certain improvement during the period and thereafter on account of partial resolution through Fuel Supply Agreement amendments, the full resolution with respect to price is anticipated for achievement during the current year.

As regards, 3600 MW KSK Mahanadi power project, the same is India's truly private sponsor driven Ultra Mega power Project with major achievements on the ground along with various ancillary infrastructure by group companies as below:

- Power plant built over 2000+ acres of land
- c.72 kms of dedicated water pipeline from Mahanadi River
- c.42 Kms of railway line from Howrah-Bombay Line
- c.60 kms of transmission corridor

Therefore substantial completion has been achieved at the power station with entire Balance of Plant for the project i.e DM plant, cooling water system, coal handling system, ash handling system, fuel oil system, chimney, ESP along with power evacuation system for the plant been completed, common civil works, boiler foundations for the construction units. This accounts for the substantial completion of the overall facility and the Company is currently in discussions with both Government and project stakeholders regarding the terms of existing drawn and undrawn financial facilities in order to match these to the current development and additional financing plans for KSK Mahanadi. The plan

forward has now been agreed by the Consortium of Project Lenders and regulatory dispensation is currently being sought. The outcome of all of the above may impact on the timing of the strategic development of the remaining four units.

However, in line with the overall Indian sector, the Company has suffered fuel supply setbacks during the year, wherein both the Fuel Supply Agreements with Goa Industries Development Corporation and Gujarat Mineral Development Corporation have become inoperable on account of the cancellation of their respective coal blocks by Hon. Supreme Court of India. In a recent development, the tapering linkage contract has been discontinued by the Ministry of Coal and an alternate Memorandum of Understanding based supplies has been proposed as an interim arrangement until 31<sup>st</sup> March 2016. It is now expected that the Ministry of Power and Ministry of Coal are currently planning a comprehensive new plan and structure wherein the coal supply plans would be formulated to address needs of those power plants that have physically progressed on the ground and with PPA commitments to DISCOMS already made. KSK Mahanadi together with multiple DISCOMS supply PPAs is pre-eminently qualified for favourable consideration and accordingly it is expected that necessary coal requirements of KSK Mahanadi could be suitably addressed.

As regards the operational 1200 MW, in addition to Andhra Pradesh State Discoms, commencement of power supplies to the States of Tamil Nadu and Uttar Pradesh would enable achieving higher PLF during

2015-16 and associated operational and financial performance. Further, interim coal imports from overseas through appropriate collaborative arrangements that have been put in place and facilitated by working capital lenders, will provide sufficient fuel for the planned generation from KSK Mahanadi.

The year continued to be a difficult time for the entire power sector in India and management have maintained their efforts to address various challenges in the operating projects. KSK's bold growth initiative, from start-up to becoming a leading independent power producer targeting c.3% of total Indian power generation by 2017 (upon completion of all units of KSK Mahanadi), demonstrates KSK's long term strategy and, upon successful resolution of various issues, demonstrates the potential for profitability in this key area of the Indian economy.

I reiterate that KSK's performance during the year would not have been possible without the valuable and appreciated support of its shareholders who have enabled us to pursue appropriate business opportunities in these challenging times.



**T.L. Sankar**

Chairman

# Management Discussion and Analysis

## INDUSTRY STRUCTURE AND DEVELOPMENTS

### 1.1 Indian Economy Outlook

With new Central Government at the helm and the global geo-political factors leading to lower crude price, has set the optimistic background for Indian growth story. The recent report of IMF has stated that Indian economy is the "bright spot" in the global landscape. India also topped the list in the World Bank's growth outlook for the year 2015-16 for the first time, which confirms our belief. How much the growth story will pan out, lies on ground execution of Government policies.

#### Power Sector:

The Indian power sector is undergoing a significant change that is redefining the industry outlook. Sluggish growth in the manufacturing sector has led to lower power demand. But the Government initiatives like "Make in India", to make India a manufacturing hub, is expected to revive the manufacturing sector and increase power demand.

The cash strapped Discom Utilities preferring to blackout instead of buying higher cost power. It may seem to be painful in short term for generators for lack of orders but is good in longer term from the sector perspective. The competitive intensity is increasing on both market side as well as supply side (fuel, logistics, finances and manpower).

The Government's approach need to be well thought through while addressing the sectoral challenges, as any hurriedly or half thought approach may lead to series of legal disputes and result in pile of loss making non-performing assets.

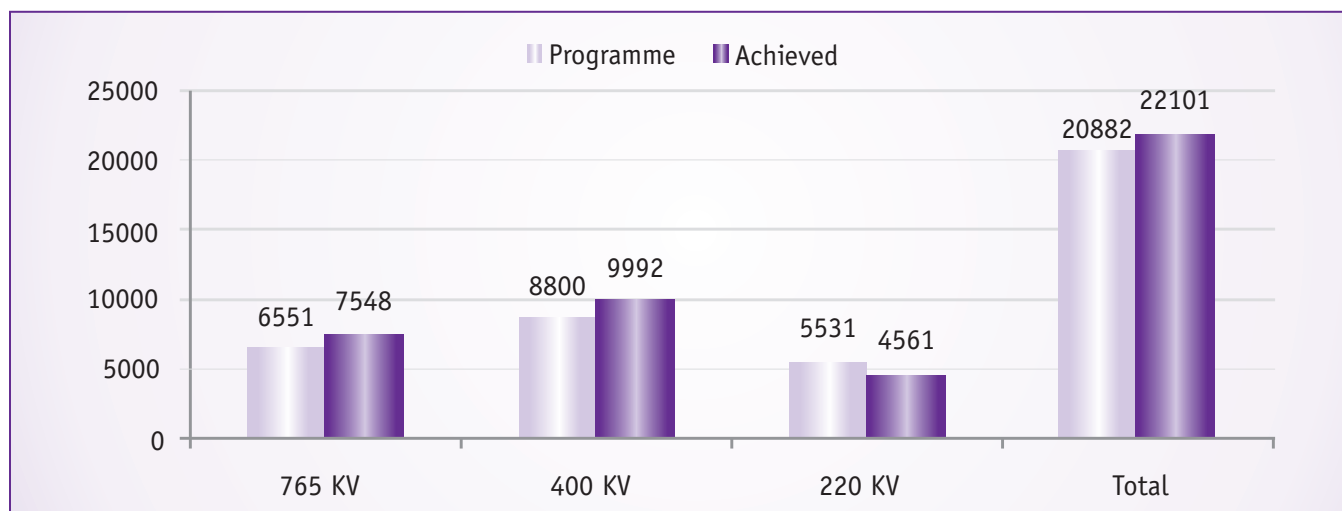
But as electricity is imperative to the economic growth of the country, the new government will definitely emphasize on resolution of sectoral issues.

### 1.2 Generation

The electricity sector in India had an installed capacity of 272GW as of end of March 2015. The thermal Power plants constituted 70% of total installed capacity and renewable power plants constituted around 13% of the total Installed Capacity. The gross electricity generated in FY 2014 - 15 was 1049 Billion Units compared to 967 Billion Units in FY 2013 - 14.

During 2014-15, Indian power sector added 22,566 MW, which is higher than the target set of 17,830 MW. The target was achieved mainly due to commissioning of thermal based power plants of 20,830 MW in FY 2014-15.

The achievement during the current plan upto March 2015 has reached 61,014 MW, which is almost 70% of the target set of 88,537 MW. The maximum contribution has been from the Thermal Power plant which have contributed 57,719 MW out of the total 61,014 MW.

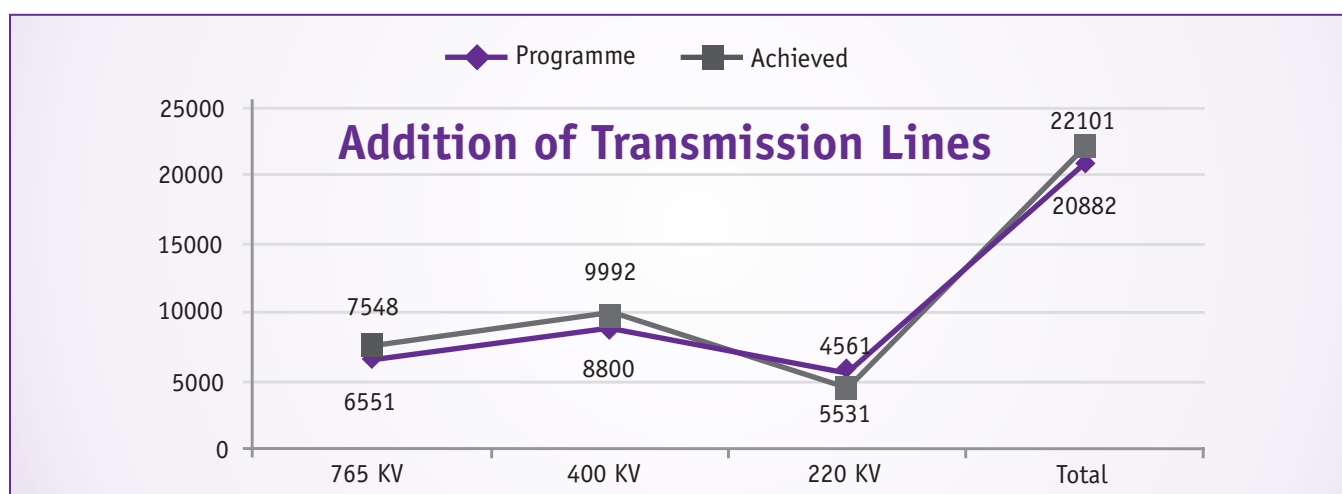




### 1.3 Transmission

During the year 2014-15, a total of 22,101 circuit-km of transmission lines and 65,554 MVA transformation capacities was added. This includes a total of 23 nos. of 765kV lines and 69 nos. of 400kV lines. With the commissioning of these transmission lines, the inter-state and intra-state capability of power transfer in the country enhanced considerably. Rigorous monitoring is being done for enhancing capacity addition in the XII Five Year Plan. A generating capacity addition of 20,037 MW has been considered for 2015-16. These measures are expected to facilitate the deficit states to reduce their shortages.

With rapid urbanization, growth in population density, habitation & infrastructure over the period resulting in reduced availability of usable land for development of infrastructure projects, availing Right-of-Way for construction & operation of transmission lines, acquisition & optimal use of land for substations; obtaining forest clearances and addressing environmental concerns have become major challenges for the expansion of transmission network. Construction and maintenance of vast transmission network also calls for skilled manpower and improved operational & maintenance efficiency.



### 1.4 Distribution

The Government is emphasizing on an efficient and well performing distribution sector and focusing on the improvement of financial health of utilities towards providing reliable and quality power supply and universal access to power. Accessibility of Power in Rural Areas, AT&C loss reduction, financial viability of DISCOMs, Smart Grid, Demand Side Management (DSM), Private Sector Participation/Private Public Participation (PPP) etc. are also some initiatives taking centre stage today. There has been a growing concern over the financial health of Distribution Utilities. Urgent and immediate action for sustainable distribution sector is therefore necessary.

The continuous under recoveries may affect the sustainability of distribution companies. The default in payment, non-metering of consumers, no proper energy accounting/ auditing, inadequate upgradation of the distribution system are issues that need to be addressed. State Governments may have to ensure periodic tariff revision unless the tariffs are not made rational and higher losses are not contained, DISCOMs will reach a break down level due to financial imprudence.

### 1.5 Fuel Availability

Given that coal based power plant accounts for 61.5% of the total generation capacity in India, the bigger worry for the power sector in recent times has been availability of coal, not just for the new projects, but also for the existing projects. Government of India is taking major steps to double the domestic production of coal to 10 billion tonnes by 2020. Also the uncertainty of cancellation of coal blocks was resolved by reallocation of operating mines through e-auction route.

# Management Discussion and Analysis

The total coal consumption during FY 2015 was 531.48 Million Tonnes, as compared to 489.40 during FY 2014. Expecting lower availability of coal from the domestic market in FY 15-16, Ministry of Power has set an Annual Target of Imported Coal for the year 2015 - 16 at 73 Million Tonnes. As per the twelfth five year plan the estimated coal requirement for FY 16-17 is 842 MT, and the expected shortage of domestic coal is likely to be around 192 MT even at most optimistic production plan of domestic sources.

## OPPORTUNITIES AND OUTLOOK

By 2016-17, demand for power is expected to increase to 1,403 billion units as per twelfth plan. Accordingly twelfth five year plan estimates and additional capacity requirement of 88.5 GW, 53% of which is expected from private sector, up from 19% in the eleventh five year plan. This will also need to be complemented with adequate transmission and distribution capacities.

A capacity addition of 20,037 MW during the year 2015-16 comprising 17,346 MW of thermal, 1,691 MW of hydro and 1,000 MW of nuclear power stations has been considered.

The Sector provides immense opportunities for several projects through Public Private Partnerships /JVs for capacity creation in generation, transmission and distribution segments.

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

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

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

## RISKS AND CONCERNS

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

- Delays in Government decisions or implementation of earlier Government decisions along with continual inconsistencies in Government policies across departments and retrospective amendments to the existing policies or introduction of new policies;
- Delays in providing necessary regulatory support and / or dispensation as may be required for timely implementation of the financing plans;
- Deviation from approved government policies and abuse of market dominance position by certain contractual counter parties;
- Shortage of fuel and dependence on market based or imported fuel which are subject to market vagaries and other uncertainties;
- Economic slowdown and negative sectoral outlook with resultant impact on banking sector delays in agreed project disbursements and timely availability of credit;
- Delays in enforcement of contractual rights or legal remedies with government counter parties undertaking fuel supplies, power off take,

transmission and open access amongst others;

- PPA Counter parties going contrary to pre agreed understanding and seeking benefits from the power generators that are often in conflict with shareholder obligations to further the business;
- Unusual currency depreciation that adversely effects the cost of project imports, project implementation, and repayment obligations;
- Logistics bottlenecks and other infrastructure constraints of various agencies;
- Challenges in the development of support infrastructure for the power projects including physical hindrances and delay in the issue of permits and clearances associated with land acquisitions;
- Political and economic instability, global financial turmoil and the resultant fiscal and monetary policies as well as currency depreciation resulting in increasing cost structures; and
- Liquidity risk and project financing

The last three years were extremely challenging for the power sector in India in general and the company in specific, as well. Nevertheless, the current year has witnessed resolution of a number of issues relating to various projects on account of the continued efforts of the Company's Management and active engagement with Government and various authorities thereto.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system, which provides protection to all its assets against loss from unauthorised use and for correct reporting of transactions. The internal control systems are further supplemented by internal audit carried out by an independent firm of Chartered Accountants and periodical review by the management. The Audit Committee of the Board addresses issues raised by both the Internal and Statutory Auditors.

The internal control systems are implemented

- To safeguard the Company's assets from loss or damage
- To keep constant check on cost structure
- To provide adequate financial and accounting controls and implement accounting standards

## OPERATIONAL PERFORMANCE

- During the year operating assets recorded an aggregate generation of 6,158GWh as against 5,757GWh for the previous year, with the following individual Plant Load Factors ("PLF").

	31 March 2015		31 March 2014	
	GWh	PLF	GWh	PLF
KSK Mahanadi (First 600 MW)	3,203 GWh	(61%)	1,088 GWh	(62%)
Sai Wardha (540 MW)	1,174 GWh	(25%)	2,586 GWh	(55%)
VS Lignite (135 MW)	851 GWh	(72%)	902 GWh	(76%)
Sai Regency (58 MW)	423 GWh	(83%)	445 GWh	(88%)
Sai Lilagar (86 MW) (formerly Arasmeta Captive Power)	148 GWh	(20%)	341 GWh	(45%)
Sitapuram Power (43 MW)	343 GWh	(91%)	342 GWh	(91%)
Solar Project (10 MW)	16 GWh	(18%)	19 GWh	(21%)
Wind Project	-	-	33 GWh	(20%)

# Management Discussion and Analysis

Although there has been an increase in generation over the previous year, the overall generation across the portfolio is below expectations given the challenges currently facing all aspects of the energy sector in India.

## **3600 MW KSK Mahanadi Power Project:**

The construction activity at KSK Mahanadi, a large, single location, greenfield private power plant continues, with significant achievements during the year under review, and the period up to this date:

- the first 600 MW unit under operation with 3,203 GWh of generation during the year;
- the second 600 MW unit commissioned;
- construction of the remaining four 600 MW units are planned to be built in two phases of 1200MW each;
- completion of the construction of the major part of the civil works and common operation infrastructure at site;
- switch yard and transformer yard commissioned, with back charging of 400kV switchyard and transmission system enabling 'live in live out' connectivity for evacuation of power generated into the national grid;

Upon stabilized generation from 1200 MW units, the Company's management will continue to focus its efforts on expediting the construction of the next 1200 MW units before the last 1200 MW units are accelerated for completion. Effective project execution on ground has been de-risked as each of the three 1200 MW projects and their associated expenditure and implementation are being monitored individually.

## **540 MW Sai Wardha Power Limited (SWPL):**

The total gross power generated in the plant during the review period was 1,174 GWh with an average Plant Load Factor (PLF) of 25%. This reflected the challenging local operating environment, the fuel and the open access grid constraints experienced by Sai Wardha Power.

Post favourable ruling by the Competition Commission of India ("CCI") in favour of Sai Wardha during October 2014, while the aspects of quality are currently under addressal through Western Coalfields Limited's agreement to third party sampling post amendment to the Fuel Supply Agreement, the vital amendment on the pricing aspect has not yet been achieved.

As regards long term power sale arrangements to commence supplies for half of the capacity of the Sai Wardha project, the Appellate Tribunal for Electricity has ruled in favour of Sai Wardha in February 2015 and PPA execution is expected. However, to ensure enhanced asset utilisation, power supplies are being made to the same utility on short term contracts resulting in enhanced PLFs during the first quarter.

The Company continues to use every effort to pursue the coal price reduction and the granting of the necessary open access permission, which will ultimately lead to the enhanced utilization and profitability of the Sai Wardha plant.

## **135 MW VS Lignite Power Private Limited (VSLP):**

The total gross power generated in the plant during the year was 851 GWh, with an average PLF of 72%. The Company has been mandated by the local state for power supplies under long term PPA with a local grid company and the company is currently operating under a short term PPA until March 2016. The Company is continuing its efforts to secure necessary long term PPAs from the local grid as mandated by the Government and is confident of achieving the same during the current year.

## **86 MW Sai Lilagar Power Limited (SLPL) (formerly Arasmeta Captive Power):**

The total gross power generated in the plant during the year was 148 GWh, with an average PLF of 20%, primarily reflecting the transition from Captive Power Plant to Independent Power Producer.

With the new PPA arrangements in place, asset utilisation is expected to significantly improve and reach low to mid 80% PLF levels over the next few quarters. As a result, the Company anticipates increased generation, revenue and profitability from the SLPL plant.



### 58 MW Sai Regency Power Corporation Private Limited (SRPCPL):

The total gross power generated in the combined cycle gas fired power plant during the year was 423 GWh, with an average PLF of 83%. With the continuous supply of gas and the efficient operation, the plant has produced an exceptional operational and financial performance, which the Company expects to continue in the future.

### 43 MW Sitapuram Power Limited (SPL):

The total gross power generated in the plant during the year was 343 GWh, with an average PLF of 91%. Although the fuel cost for the period under review have increased due to an increase in coal prices from the Singareni Collieries Company Limited, as well as from open market purchases, the energy generated in the period has been supplied to the captive consumers in accordance with the provisions of the PPA and the balance of power sold to local utilities.

### 10 MW Sai Maithili Solar Power Project:

The total gross power generated by the plant during the year was 16 GWh, with an average PLF of 18%. The 10 MW PV solar power generation plant is located in the state of Rajasthan, operating under the Jawaharlal Nehru National Solar Mission.

## FINANCIAL REVIEW

All figures given in the review are in Indian Rupee million unless otherwise stated.

### Financial Highlights:

Rs in million			
Particulars	March 2015	March 2014	% variance
Revenue from operations	23,804	21,118	12.72
Gross profit	8,963	7,617	17.67
EBITDA	4,894	5,372	(8.89)
<b>Loss after tax</b>	<b>(3,695)</b>	<b>(1,881)</b>	<b>96.46</b>

Given the current trading environment, while the underlying revenue and gross profit growth compared to the previous year shows an increase, there has been a decrease in EBITDA and an increase in the loss after tax due to the lower than expected PLF at Sai Wardha as well as single 600 MW unit operations at KSK Mahanadi owing to the transmission corridor constraints of national grid restricting actual generation and the resultant mismatches in meeting overall financing costs.

Notwithstanding the challenges across the sector that could create distortions to the Company's performance, the combination of our underlying assets, our risk mitigation strategies and certain recent positive developments should, in the long term, assist in moving the Company back towards meeting market expectations. However, in the short term, owing to capacity utilisation rates remaining below the Board's initial plans, such expectations are likely to be met gradually.

### Principal activity and overview

KSK Group is primarily engaged in the development; ownership, operation and maintenance of power generation assets in India with next level of growth coming through large base load thermal power plants, hydro power opportunities and solar power generation with supplies predominantly to utilities. KSK focused its strategy on the private sector power development market, undertaking entire gamut of

# Management Discussion and Analysis

development, investment, construction, operation and maintenance of power plant with supplies initially to industrial consumers operating in India and now branching out to cater to the needs of utilities and others in the wider Indian power sector.

## Income Statement Operating Results

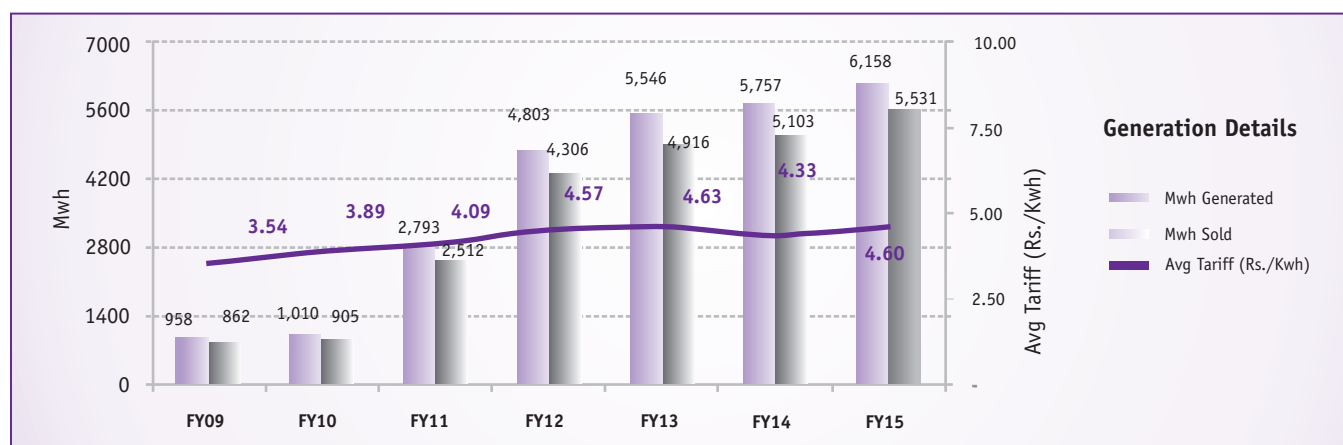
Rs in million

Particulars	March 2015	March 2014	Variance	% variance
Revenue	23,804	21,118	2,686	12.72
Cost of revenue	(12,931)	(11,979)	(952)	7.95
Manufacturing expenses	(1,911)	(1,523)	(389)	25.53
<b>Gross Profit</b>	<b>8,963</b>	<b>7,617</b>	<b>1,346</b>	<b>17.67</b>

## Generation, sales and revenue

The total revenue from operation of the Group has increased by Rs 2,686 million reflecting a year on year increase of 12.72% mainly on account of increase in 428 mn units sold coupled by increase in average realisation of Rs 0.27per/ kWh. The following table and charts shows year on year trend in units generated, units sold and average tariff realisation in Rs./kWh

Particulars	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Mwh Generated	958	1,010	2,793	4,803	5,546	5,757	6,158
Mwh Sold	862	905	2,512	4,306	4,916	5,103	5,531
Average Tariff (Rs/ kWh)	3.54	3.89	4.09	4.57	4.63	4.33	4.60



## Gross Profit

Gross profit of the Group increased from Rs 7,617 million to Rs 8,963 million, reflecting a year on year increase of 17.67%. Increase is mainly on account full year contribution from KSK Mahanadi. However, increase is offset by lower utilisation at Sai Wardha due to the challenging local operating environment, the fuel and the open access grid constraints experienced and lower utilisation at Sai Lilagar (Arasmeta Captive Power Company Limited) primarily reflecting the transition from captive power plant to independent power producer.

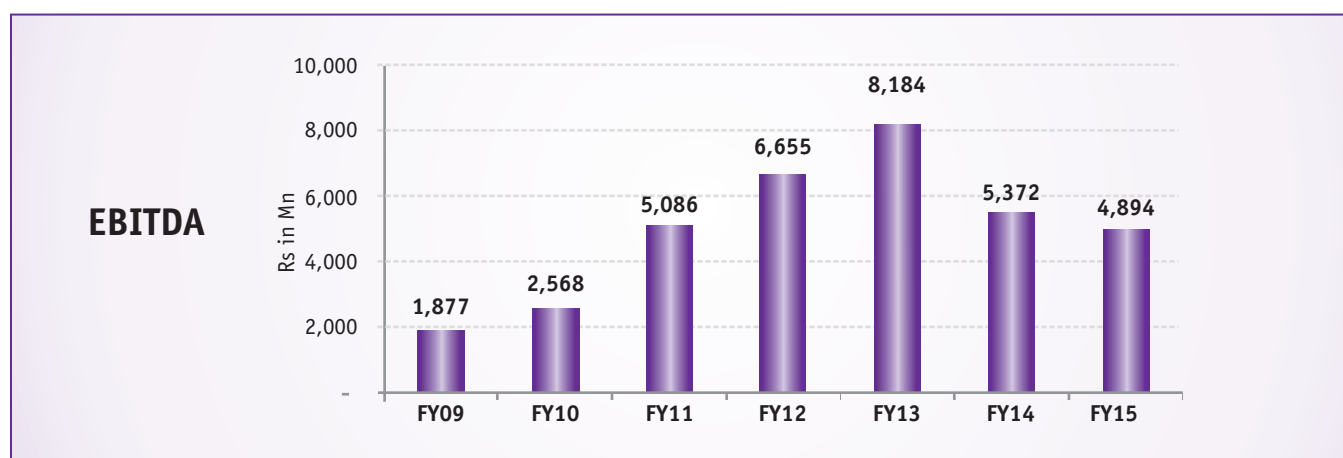
**Earnings before Interest, depreciation and tax (EBITDA)**

Rs in million

Particulars	March 2015	March 2014	Variance	%
Gross Profit	8,963	7,617	1,346	17.67
Employee benefit expenses	(619)	(463)	(155)	33.54
Other general & administrative expenses	(3,449)	(1,782)	(1,668)	93.63
<b>EBITDA</b>	<b>4,894</b>	<b>5,372</b>	<b>(478)</b>	<b>(8.89)</b>

EBITDA of the Group have decreased by 8.89% from Rs 5,372 million in FY 2014 to Rs 4,894 million in FY 2015 mainly because of increase in general and administrative expense by 93.63% due to impairment of coal recompense at Sai Wardha of Rs 1,505 million and impact of full year operation of KSK Mahanadi.

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

**Profit / (loss) for the year**

Rs in million

Particulars	March 2015	March 2014	Variance	%
<b>EBITDA</b>	<b>4,894</b>	<b>5,372</b>	<b>(478)</b>	<b>(8.89)</b>
Finance costs	(10,450)	(7,216)	(3,234)	44.81
Depreciation and amortisation	(3,183)	(2,930)	(254)	8.65
Other income and exception items	420	1,366	(945)	(69.24)
<b>Loss before tax</b>	<b>(8,319)</b>	<b>(3,409)</b>	<b>(4,910)</b>	<b>144.06</b>
Tax income	4,624	1,528	3,096	202.66
<b>Loss for the year</b>	<b>(3,695)</b>	<b>(1,881)</b>	<b>(1,814)</b>	<b>96.46</b>

Movement in loss for the year from Rs. 1,881 million to Rs. 3,695 million mainly because of the following:

- Increase in gross finance costs by Rs. 4,583 million from Rs. 18,186 million to Rs. 22,769 million reflecting year on year increase of 25%. Increase is on account of mobilizing additional average borrowing of Rs. 21,597 million to finance the capital expenditure and working capital requirements. However, after capitalizing the directly attributable cost to fixed assets, the net increase in finance costs as reflected above is Rs. 3,234 million.

# Management Discussion and Analysis

- Increase in Depreciation and amortization expenses from Rs. 2,930 million in FY 2014 to Rs. 3,183 million in FY 2015 mainly on account of full year operation of the KSK Mahanadi first unit. However this increase has been offset to extent of Rs. 1,034 million on account of adoption of revised useful life as per Schedule II pursuant to Companies Act, 2013.
- Decrease in other income (including exceptional item for current year) from Rs 1,366 million to Rs 420 million mainly on account of decrease in interest income from bank and other deposits of Rs 634 million and decrease in insurance claims of Rs 345 million.
- Increase in tax income from Rs 1,528 million to Rs 4,624 million reflects recognition of significant Deferred tax asset at KSK Mahanadi on carry forward of losses on account of investment allowance available as per income tax provisions.

## Segmental analysis

The Group is currently engaged in two business segments, namely, power generation and power development. Net revenue from its power generation segment have increased from Rs. 21,004 million in FY 2014 to Rs. 23,735 million in FY 2015. Net revenues from its project development segment have decreased from Rs. 114 million in FY 2014 to Rs. 70 million in FY 2015. The power generation segment contributed 99% revenue of the Group's total revenue in both financial years 2015 and 2014.

## Financial position and cash flows

The capital employed of the Group was Rs. 217,925 million as at March 31, 2015 and increased by Rs. 27,800 million as compared to March 31, 2014. The Group incurred Rs. 24,838 million towards capital expenditure during FY 2015. The major expenditure was incurred on continuous construction and development activities at our 6 x 600 MW KSK Mahanadi power plant.

The loan portfolio of the Group comprises a combination of domestic and foreign currency loans. The aggregate outstanding indebtedness as at March 31, 2015 stood at Rs. 178,955 million and increased by Rs. 27,610 million compared to FY 2014. The increase is mainly on account of disbursement of term loans and foreign currency loans in the KSK Mahanadi, Sai Regency and KSK Energy Ventures Limited for ongoing construction activities and working capital requirements.

Net customer receivables as at March 31, 2015 stood at Rs. 9,227 million as compared to Rs. 9,202 million in previous year. Higher trade receivables are mainly attributable to outstanding billing disputes with certain customers.

Cash accruals from operations are higher in FY 2015 by Rs. 3,124 million as compared to FY 2014 mainly due to full year operation of KSK Mahanadi power plant. Proceeds from sale of surplus lands, dividend and interest income aided cash generation during the year FY 2015. Apart from deployment of cash for capital expenditure, the Group repaid some of its long term loans amounting to Rs. 16,916 million and availed fresh disbursement of borrowings amounting to Rs. 45,637 million and raised fresh equity (net) amounting to Rs. 5,465 million. Consequently, there is net cash inflow of Rs. 492 million for the FY 2015.

## Equity and financing arrangements

During May 2014, the Company has raised approx. Rs 4,000 million of equity through a Qualified Institutional Placement. Shareholders' approval was also obtained for Promoter to subscribe for up to 150 million warrants convertible into equivalent equity shares, enabling Promoters to revert back to the earlier held 74.94% interest in the Company. As at this date 10.95 million warrants have been exercised resulting in Promoter's shareholding in Company increasing to 68.37 %.

The Company's main power plant initiative of KSK Mahanadi, based on an extended implementation timeline, as well as the need to reconcile the entire impact of INR/US\$ exchange rate depreciation as against INR 48/\$ originally envisaged, is now estimated to be completed with a total capital expenditure of Rs. 24,620 crores requiring Rs. 4,934 crores of equity and Rs. 19,686 crores of project debt

Rs in crores	First 1200 MW +	Second 1200	Thirid 1200	Total
Project debt	8,701	5,784	5,201	19,686
Project equity	1,653	1,728	1,553	4,934



The project expenditure incurred and balances to be incurred with estimated distribution amongst the three 1200 MW phases each is shown as follows:

Rs. in crores	First 1200 MW +	Second 1200	Third 1200	Total
Project Cost (Estimated)	10,354	7,511	6,754	24,620
Already incurred	10,355	2,595	2,124	15,075
Yet to be incurred	-	4,916	4,630	9,545
Interest during construction ( yet to be incurred)	-	705	941	1,645

Of the balance Rs. 9,545 crores required for the capital expenditure program (Rs. 4,916 crores for the next 1,200 MW and Rs. 4,630 crores for the last 1,200 MW) until FY 2018, it is planned that initially undrawn debt already committed along with associated equity would be used to support project development.

Of the outstanding balance of Rs. 8,430 crores for the remaining two phases of 1200 MW each, Rs. 6,734 crores of project debt has, in principle, been agreed to be provided by the Non-Bank Institutions of the existing lenders consortium such as Power Finance Corporation and others and subject to certain regulatory approvals, are currently being pursued by project lenders. As regards the Rs. 1,696 crores of additional equity, it has been agreed with the lenders that monthly internal accruals from the first 1,200 MW operating phase (after meeting fuel, operating and financing cost) would be made available towards sponsor equity.

In addition, the Company continues to evaluate proposals for further strategic funding through potential participation by the EPC Contractor, directly or indirectly, as well as strategic equity collaboration by other potential participants.

## HUMAN RESOURCES

Human Resources Department in the organization is a strategic partner for realizing the mission and vision of the organization. It functions with the objective of developing the Human Resources, who ultimately support the Company's philosophy "Power from Knowledge". The department has taken steps to amend systems and processes as per the dynamic market conditions.

HR Processes and Practices are strengthened with a view to create a system & culture which will enable people to perform and grow within the organization and at the same time ensure Talent Retention and Development with various initiatives like, Promotion & Elevation, new PMS System, Long Service Association, Trainee Management, Employee Profiling and Executive Coaching.

The capability development is given priority to make the organization more agile and make it competitive. Various initiatives have been taken up for developing employees at all levels and to make them future ready for higher roles and responsibility like leadership Pipeline, High potential employees and Job rotation for enhanced role.

Total manpower of the group at the end of the financial year is 1249.

## SUSTAINABILITY INITIATIVES

Sustainability initiatives continue to be essential ingredient of KSK's Business Policy and the Group embraces this responsibility that comes along with the opportunity of operating across various locations in multiple Indian states. Towards this direction, our commitment to community moves beyond the requirement of social license to operate and to a far noble theme of "Bringing Dignity to Life..." as part of 'giving back to society' to support and initiate projects that provide sustainable solutions to the most pressing social challenges for the affected communities.

# Management Discussion and Analysis

The Group's effort in tertiary healthcare with cardiac facility at Raipur, where services are offered free of charge to all stakeholders, has experienced certain milestones during the year and subsequent period thereof as summarised below:

- Over thousands of Outpatient Cardiac consultations with 1000+ state of art cardiac surgeries performed free of cost by June 2015 (compared to 400 surgeries as in the last year)
- Department of Pediatric Heart Care initiated with Foetal cardiology services initiated in June 2014 and collaboration of the Hospital with Healing Little Hearts, UK (a charity organization) has been initiated resulting in visits by senior pediatric cardiac ICU teams and participation thereafter
- The Hospital has been conferred the "Dhanwantri Samman Award 2015" for being 'The Best Hospital' in the states of Chhattisgarh, Madhya Pradesh and Maharashtra

KSK Mahanadi and the support infrastructure projects in the state of Chhattisgarh continue to be involved with the above Sanjeevani Hospital project and more importantly endeavour to facilitate and strengthen the existing setup of multiple primary medical care facilities across locations in the state of Chhattisgarh to create public goodwill for a harmonious construct and delivery of comprehensive medical care for the surrounding communities.

The group's sustainability initiatives towards community are essentially focused on five thrust areas; Education, Health, Socio- economic empowerment, Infrastructure Development and Cultural and Social Contribution.

## CAUTIONARY STATEMENT

Certain Statements in this Management Discussion and Analysis describing the Company's business plans estimates and expectations, numerical or otherwise, may be 'Forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include economic conditions, government permissions, significant changes in political and regulatory environment in India, tax laws litigation, labour relations and interest costs amongst others.

# Report on Corporate Governance

## **COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

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

Corporate governance is a synonym for sound management, transparency and disclosure. Corporate governance encompasses not only the way in which the Company is managed and deals with its shareholders but also addresses all aspects of its relationship with society. Hence, it has always been an integral part of your Company's philosophy.

The Company firmly believes that good corporate governance stems from the management's mindset and cannot be regulated by legislation alone. The Company is firmly committed to fulfill the objective of good Corporate Governance. Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability in all facets of its operations and in its interactions with its stake holders, including shareholders, employees, the government and the lenders. The Company's objective remains to create long term value for shareholders.

The governance structure exhibits the Group's ability to deliver a diversified business, deliver operational performance and simplify the operating model.

Your Company has complied with the requirements of Corporate Governance as required under Clause 49 of the Listing Agreement with the Stock Exchanges, the disclosure requirements of which are given below:

## **BOARD OF DIRECTORS**

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

### **Composition and Category of Directors**

As on date of this report, the Board of Directors of the Company consists of 9 (Nine) Directors comprising of one Non-Executive Independent Chairman, three Independent Directors, three Non-Executive Directors and two Executive / Whole-time Directors. The Company has an Independent Director as a Chairman and the number of Independent Directors is one-third of the total number of Directors and hence the composition of the Board is in conformity with Clause 49 of the Listing Agreement.

The number of Directorships, Committee Memberships/Chairmanships of all Directors is within the limits prescribed under Companies Act, 2013 and Listing Agreement. None of the Directors are related to each other.

Details of number of other Directorships and Chairmanship / Membership of Committee of each Director in various other Companies are provided below. Other directorships do not include directorships of private limited companies, Section 8 companies and of companies incorporated outside India. Chairmanships / Memberships of board committees shall include only Audit Committee and Stakeholders' Relationship Committee (excluding KSK).

# Report on Corporate Governance

Name of the Director & Category	No. of other Directorships as on 31.03.2015 (excluding KSK)	No. of other Committee positions held as on 31.03.2015 (excluding KSK)	
		Chairman	Member
Mr. T. L. Sankar Chairman / Independent Director	1	1	0
Mr. S. R. Iyer Independent Director	5	4	0
Mr. Girish N Kulkarni Independent Director	4	2	2
Mrs. Shubhalakshmi Panse Independent Director	5	0	4
Mr. Anil Kumar Kutty Non-Executive Director	3	0	2
Mr. Tanmay Das Non-Executive Director	0	1	0
Mr. K. Bapi Raju Non-Executive Director	9	0	1
Mr. K.A. Sastry Whole-time Director / Promoter Director	6	1	0
Mr. S. Kishore Whole-time Director / Promoter Director	6	1	0

## Board Meetings and Procedures

During the year ended 31<sup>st</sup> March 2015, the Board of KSK Energy Ventures Limited met nine times on the following dates: 1<sup>st</sup> May 2014, 24<sup>th</sup> May 2014, 9<sup>th</sup> June 2014, 14<sup>th</sup> August 2014, 24<sup>th</sup> September 2014, 18<sup>th</sup> October 2014, 8<sup>th</sup> November 2014, 14<sup>th</sup> February 2015 and 30<sup>th</sup> March 2015.

The Maximum time gap between any two meetings did not exceed 120 days. Leave of absence was granted to those directors who expressed their inability to attend the Board Meeting(s).

All required information including but not limited to those mentioned in Annexure X to Clause 49 of the Listing Agreement has been placed before the Board for its consideration. Presentations on the financial and operational performance are made to the Board by the members of the Senior Management team. Information and data that are more important to the Board's understanding of the business in general and related matters are tabled for discussion.

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company. During the year a separate meeting of the Independent Directors was held inter-alia to review the performance of Non-independent Directors and the Board as a whole.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company. The Board functions in a democratic manner and the members are at liberty to discuss any issue related to the business in general.



**Details of Directors attendance at Board Meetings and at the last Annual General Meeting held on 27<sup>th</sup> September, 2014 are given in the following table:**

Name of the Director	No. of Board Meetings attended during the year	Attendance at the Annual General Meeting
Mr. T. L. Sankar	8	Yes
Mr. S. R. Iyer	3	Yes
Mr. Girish N Kulkarni	2	No
Mrs. Shubhalakshmi Panse*	-	NA
Mr. Anil Kumar Kutty	8	Yes
Mr. Tanmay Das	9	Yes
Mr. K. Bapi Raju	2	No
Mr. K.A. Sastry	9	Yes
Mr. S. Kishore	8	Yes

\*Appointed on 30<sup>th</sup> March, 2015

#### **Committees of the Board:**

The Committees appointed by the Board focus on specific areas and make informed decisions within the authority delegated. Each Committee of the Board is guided by its Charter, which defines the composition, scope and powers of the Committee.

The Committees also make specific recommendations to the Board on various matters from time to time. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

In addition to the functional Committees, your Board has constituted the following mandatory committees.

#### **AUDIT COMMITTEE**

The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial reporting.

Apart from the matters provided in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 177(4) of the Companies Act, 2013, the Committee reviews Internal Audit Report, Secretarial Audit Report and the report of Statutory Auditors. The Committee also discusses with the Internal, Secretarial and Statutory Auditors their scope of audit, adequacy of internal control systems, findings and observations / suggestions.

#### **The terms of reference of the Audit Committee are :**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

# Report on Corporate Governance

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause ( c ) o f sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / n o t i c e and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate; and
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition, meetings and attendance particulars of the Audit Committee during the year is as follows:

The Audit Committee met four times during the year on: 24<sup>th</sup> May 2014, 9<sup>th</sup> August 2014, 8<sup>th</sup> November, 2014 & 14<sup>th</sup> February, 2015.

Sl. No	Name of the Director	Category	No. of Meetings attended
1	Mr. S.R. Iyer	Chairman	4
2	Mr. T.L. Sankar	Member	3
3	Mr. Girish Kulkarni	Member	2
4	Mrs. Shubhalakshmi Panse (Appointed on 30 <sup>th</sup> March, 2015)	Member	NA

All the above members and Chairman are Independent Directors and have the requisite qualification and sound knowledge of finance, accounting practices and internal controls.

The Audit Committee invites such of the executives, as it considers appropriate (and particularly the head of the Accounts function) to be present at its meetings. The Internal Auditor and Statutory Auditors are also invited to the meetings. The Company Secretary acts as the Secretary of the Committee.

## NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee consists of Non-Executive Independent Directors viz. Mr. Girish N. Kulkarni (Chairman), Mr. T. L. Sankar (Member) and Mr. S. R. Iyer (Member).

Terms of reference:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Accordingly, the Board has adopted the policy on Board Diversity, Director Attributes and Remuneration policy for Directors, Key Managerial Personnel and other employees of the Company. The Remuneration Policy is attached as Annexure to the Board's Report.

### Attendance during the year:

The Committee met two times during the year: 9<sup>th</sup> Aug, 2014 and 29<sup>th</sup> March, 2015.

Sl. No	Name of the Director	Category	No. of Meetings attended
1	Mr. Girish Kulkarni	Chairman	1
2	Mr. T.L. Sankar	Member	2
3	Mr. S.R. Iyer	Member	2

# Report on Corporate Governance

## Remuneration Policy:

The Non-executive Directors and Independent Directors receive sitting fee for attending meetings of the Board and Audit Committee. The remuneration paid to the Directors during the year under review was in conformity with the applicable provisions of the Companies Act, 2013, duly considered and approved by the Board and the shareholders.

The appointment of Whole-time Directors is governed by resolutions passed by the Board of Directors, Members of the Company and the Service Agreements entered into by the Company with the Whole-time Directors, which cover the terms and conditions of such appointment read with the service rules of the Company. The notice period for Whole-time Directors is six months as per the Service Agreements. All components of remuneration to the Whole-time Directors are fixed in line with the Company's policies.

The Company has no stock option scheme and hence no stock options have been granted to the Directors.

## Details of Remuneration paid to Directors for the year ended 31<sup>st</sup> March, 2015:

Name of the Director	Sitting Fees	Salary	Perquisites	Commission	Total
Mr. T. L. Sankar	2,20,000	-	-	-	2,20,000
Mr. S. R. Iyer	1,40,000	-	-	-	1,40,000
Mr. Girish N Kulkarni	80,000	-	-	-	80,000
Mrs. Shubhalakshmi Panse (appointed on 30 <sup>th</sup> March, 2015)	-	-	-	-	-
Mr. Anil Kumar Kutty	-	-	-	-	-
Mr. Tanmay Das	-	-	-	-	-
Mr. K. Bapiraju	-	-	-	-	-
Mr. K.A. Sastry	-	84,00,000	-	-	84,00,000
Mr. S. Kishore	-	84,00,000	-	-	84,00,000

## STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee consists of three Directors. The Chairman of the Committee is a Non-executive Independent Director. The Committee met four times during the year on : 24<sup>th</sup> May, 2014; 14<sup>th</sup> August, 2014; 8<sup>th</sup> November, 2014 & 14<sup>th</sup> February, 2015.

The Company Secretary, Mr. M.S. Phani Sekhar has been designated as Compliance Officer of the Company in compliance with the Listing Agreement with the Stock Exchanges for resolution of shareholder / investor complaints.

Composition of the Stakeholders Relationship Committee and attendance record during the year 2014-15 is as follows:

Name of the Director	Category	No. of Meetings attended
Mr. T.L. Sankar*	Chairman	1
Mr. Tanmay Das **	Chairman	3
Mr. K.A. Sastry	Member	4
Mr. S. Kishore	Member	4



\* Mr. T.L. Sankar ceased to be the Chairman w.e.f. 24<sup>th</sup> May, 2014

\*\* Mr. Tanmay Das has been appointed as Chairman w.e.f. 24<sup>th</sup> May, 2014

During the year under review, the Company has not received any complaints from the investors.

## GENERAL BODY MEETINGS

Details of the Annual General Meetings (AGMs) held during the preceding 3 years and Special Resolutions passed thereat are given below:

Financial Year	Date and time of AGM	Location	Details of Special Resolutions passed
2011-12	1 <sup>st</sup> September 2012 11.00 AM	NIFT Auditorium, National Institute of Fashion Technology, Opp. Hi-tech City, Madhapur, Cyberabad, Hyderabad - 500 081	No Special Resolution was passed
2012-13	21 <sup>st</sup> September 2013 11.00 AM	Bhaskara Auditorium, B M Birla Marg, Adarsh Nagar, Hyderabad - 500 063	No Special Resolution was passed
2013-14	27 <sup>th</sup> September 2014 11.00 AM	Plot No. 694, Road No. 33, Jubilee Hills, Hyderabad - 500 033	Alteration of Articles of Association of the Company, Approval for Borrowing Powers of the Company, Creation of Charge for Borrowings/ Financial Assistance availed by the Company, Power to give loans / make investments

## Postal Ballot

No resolution was passed through Postal Ballot during the financial year 2014-15.

## DISCLOSURES:

- There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. The Board has approved the policy for dealing with related party transactions and the said policy has been posted on the Company's website at <http://www.ksk.co.in/ourpolicies.php>
- There was no incidence of non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchange, SEBI or any statutory authority.
- The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees and directors to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The policy has been posted on the Company's website at <http://www.ksk.co.in/ourpolicies.php>. The Company affirms that no person has been denied access to the Chairman of the Audit Committee.
- CEO and CFO Certification**

The CEO and CFO of the Company have certified to the Board in relation to reviewing financial statements and other information as mentioned in Para IX of Clause 49 of the Listing Agreement and the required certificate is appended.

# Report on Corporate Governance

## ● Code of Conduct:

The Company has adopted a Code of Conduct as required under Clause 49(II)(E) of the Listing Agreement with Stock Exchanges, which applies to all the Board Members and Senior Management of the Company. The Board Members and senior management personnel have affirmed their compliance on an annual basis and their confirmations have been received in this regard. The Code of Conduct is available on the Company's website: [www.ksk.co.in](http://www.ksk.co.in)

A declaration to this effect signed by the Whole-time Director is attached as Annexure.

- The Company has complied with all the mandatory requirements of the code of corporate governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. Certificate from Mr. S. Kishore, Whole-time Director and Mr. V. Sambasiva Rao, Chief Financial Officer and Statutory Auditor confirming compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement, is annexed.
- The Status of Compliance with non-mandatory requirements is as under:
  - ◆ Half-yearly and other financial results are published in newspapers and posted on Company's website.
  - ◆ The Chairman of the Board is a Non-executive Director and his position is separate from that of the Whole-time Director.
  - ◆ The Internal Auditor reports to the Audit Committee.

## MEANS OF COMMUNICATION

**Financial Results:** The quarterly, half yearly and annual financial results are published in all India editions of Business Line /Business Standard / Financial Express (national daily) and Andhra Prabha (regional newspaper). Further the financial results, official news releases and other shareholder information are posted on Company's website: [www.ksk.co.in](http://www.ksk.co.in).

**Annual Reports:** The Annual Reports were e-mailed/posted to Members and others entitled to receive them.

**Website:** The Company's website [www.ksk.co.in](http://www.ksk.co.in) contains a separate dedicated section 'Investor relations' where shareholders' information is available. Comprehensive information about the Company, its business and operations, press Releases and Presentation to Investors can also be viewed. Annual Report is also available in a user-friendly and downloadable form.

**NSE Electronic Application Processing System (NEAPS) and BSE online Portal:** The Company also submits to NSE, all disclosures and communications through NSE's NEAPS portal. Similar filings are made to BSE on their Online Portal - BSE Corporate Compliance & Listing Centre.

## GENERAL SHAREHOLDER INFORMATION

### (a) Annual General Meeting

Day, Date and time: Wednesday, 26<sup>th</sup> August, 2015 at 11 A.M

Venue: Plot No.694, Road No.33, Jubilee Hills, Hyderabad - 500 033.

### (b) Financial Year: April 1 to March 31

### (c) Book Closure date:

Wednesday, 19<sup>th</sup> August 2015 to Wednesday, 26<sup>th</sup> August, 2015 (Both days inclusive)

**(d) Listing on Stock Exchanges with Stock Code**

Name and Address of the Stock Exchange	Scrip Code / Trading Symbol
BSE Limited	532997
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	
National Stock Exchange of India Limited	KSK
Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai-400051.	

Listing fee for the year 2015-16 has been paid to all the Stock Exchanges where the Company's shares are listed.

**ISIN Code for Demat:** The ISIN allotted to the Company is INE143H01015

**(e) Market Information:**

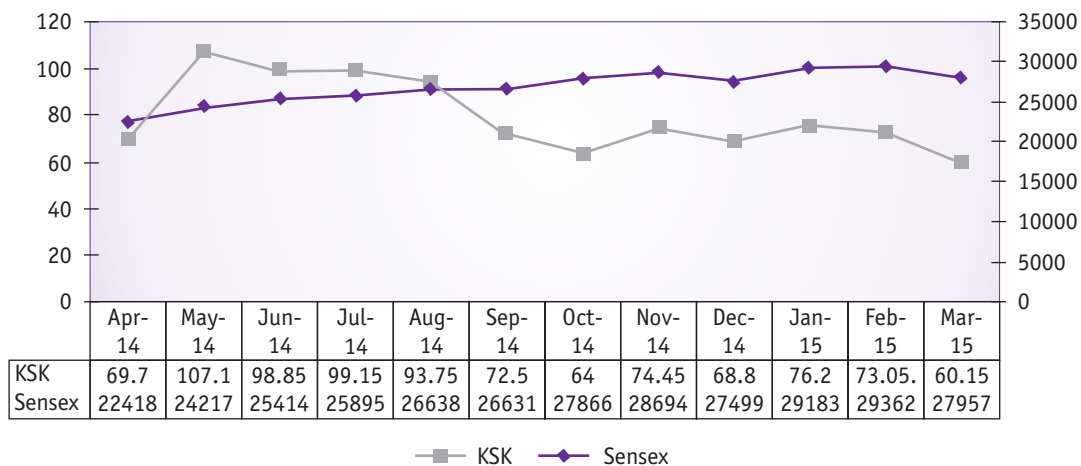
- (i) Market Price Data: High, low during each month and trading volumes of the Company's Equity shares during the last financial year at NSE and BSE are given below.

Amount in Rs.

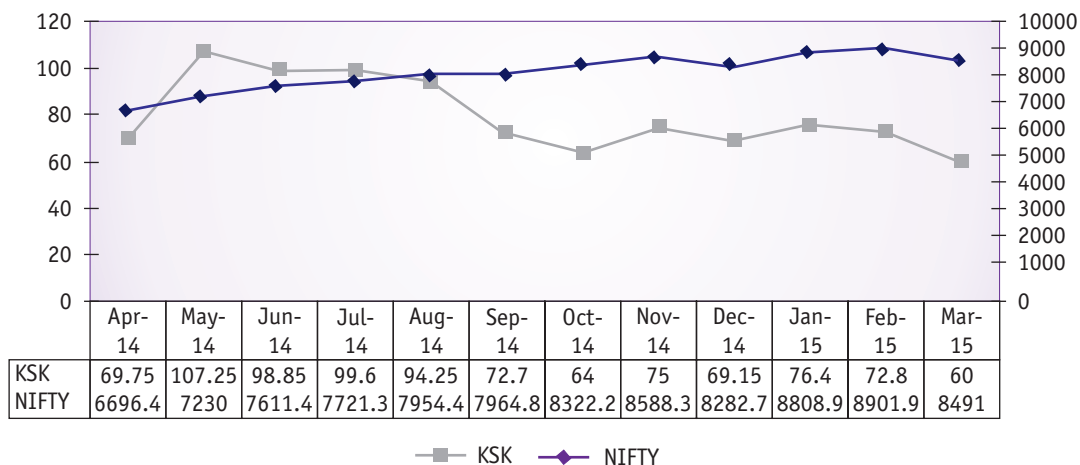
MONTH	NSE			BSE		
	High	Low	Volume	High	Low	Volume
April, 2014	73.75	65.60	1145982	74.00	66.40	1984785
May, 2014	118.00	67.75	3666238	119.70	69.00	1006795
June, 2014	126.90	94.00	7326466	126.00	95.00	2425568
July, 2014	111.30	93.80	4273531	111.50	93.10	3832336
August, 2014	102.90	86.00	1556680	102.85	86.50	276272
September, 2014	101.00	68.25	3865185	101.10	68.55	549631
October, 2014	75.50	63.25	3177732	77.5.00	63.35	1838109
November, 2014	79.55	64.35	3778425	79.9.00	64.40	779872
December, 2014	76.05	67.30	1322228	75.75	66.30	319261
January, 2015	81.80	68.25	5222487	81.75	68.85	338822
February, 2015	93.00	70.50	5729096	92.80	71.25	359541
March, 2015	80.75	55.00	7982529	80.80	55.00	512429

# Report on Corporate Governance

## (ii) Performance of share price of the Company in comparison to the BSE



## (iii) Performance of share price of the Company in comparison to the NSE



## (f) Registrar and Transfer Agents

### Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad - 500 032.

Ph: 040-67162222

Fax: 040-23001153

E-mail: einward.ris@karvy.com

**(g) Share Transfer System :**

The Company has appointed M/s. Karvy Computershare Private Limited, as its Registrar and Share Transfer Agent, who are fully equipped to carry out share transfer activities and redress investor complaints. Company Secretary is the Compliance Officer for redressal of all shareholders' grievances.

**(h) Distribution of Shareholding****(i) Distribution of Shares as on 31 March, 2015**

Distribution Schedule - Consolidated as on 31/03/2015					
Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5000	12796	89.92	1396832	13968320	0.33
5001- 10000	680	4.77	549567	5495670	0.13
10001- 20000	354	2.48	541575	5415750	0.13
20001- 30000	120	0.84	303852	3038520	0.07
30001- 40000	53	0.37	189229	1892290	0.05
40001- 50000	38	0.26	178186	1781860	0.04
50001- 100000	60	0.42	445336	4453360	0.10
100001& Above	129	0.90	418644617	4186446170	99.15
<b>TOTAL</b>	<b>14230</b>	<b>100</b>	<b>422249194</b>	<b>4222491940</b>	<b>100</b>

**(ii) Shareholding Pattern as on 31 March, 2015**

Category	No of Shares	%
<b>A. Promoters Holding</b>		
Promoters	288375455	68.30
<b>Sub -Total: A</b>	<b>288375455</b>	<b>68.30</b>
<b>B. Public Shareholding</b>		
Mutual Funds /UTI	45227457	10.71
Financial Institutions /Banks	11969861	2.83
Foreign Institutional Investors	25752501	6.10
Bodies Corporate	19874596	4.71
Non Resident Indians	186862	0.04
Foreign Bodies	26374531	6.30
Indian Public	5087931	1.06
<b>Sub -Total: B</b>	<b>133873739</b>	<b>31.70</b>
<b>GRAND TOTAL (A+B)</b>	<b>422249194</b>	<b>100</b>

# Report on Corporate Governance

## **(h) Dematerialisation of Shares and Liquidity:**

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shares of the Company are actively traded in the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

(i) 6,98,56,800 warrants are outstanding as on the date of this report

## **(j) Address for investor's correspondence**

### **(i) Registrar and Transfer Agents:**

#### **Karvy Computershare Private Limited**

Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad - 500 032.

Ph: 040-67162222

Fax: 040-23001153

E-mail: einward.ris@karvy.com

### **(ii) Any Query on Annual Report:**

#### **Corporate Affairs Department**

KSK Energy Ventures Limited

8-2-293/82/A/431/A

Road No. 22, Jubilee Hills

Hyderabad - 500 033

Ph: 040-23559922-25

Fax: 040-23559930

E-mail: investors@ksk.co.in

CIN: L45204AP2001PLC057199



# CEO / CFO Certificate

We, S. Kishore, Whole-time Director and V. Sambasiva Rao, Chief Financial Officer of KSK Energy Ventures Limited, to the best of our knowledge and belief hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2015 and:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operations of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

**V. Sambasiva Rao**

Chief Financial Officer

Sd/-

**S. Kishore**

Whole-Time Director

Date: 30<sup>th</sup> May 2015

# Certificate of Compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management of the Company in respect of Financial Year 2014-15.

Place : Hyderabad  
Date : 30<sup>th</sup> May, 2015

Sd/-  
**S. Kishore**  
Whole-time Director

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## Auditors' Certificate regarding compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To  
**The Members of**  
KSK Energy Ventures Limited

We have examined the compliance of conditions of Corporate Governance by KSK Energy Ventures Limited, for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Umamaheswara Rao & Co.,**  
Chartered Accountants

Sd/-  
**S. Venugopal**  
Partner  
ICAI MRN 205565  
FRN 004453S

Place: Hyderabad  
Date: 20<sup>th</sup> July 2015

# Directors' Report

## Dear Shareholders,

Your Directors have the pleasure in presenting the Fifteenth Annual Report together with the audited statements of accounts for the year ended 31<sup>st</sup> March 2015.

## Performance Highlights

(INR Million)

Particulars	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Income	435.26	479.76	23,804.34	21,118.01
Operating Expenditure	(163.25)	(114.56)	(18,910.13)	(15,746.22)
<b>Operating Profit</b>	<b>272.01</b>	<b>365.20</b>	<b>4,894.21</b>	<b>5,371.79</b>
Add: Other Income	0.97	7.26	423.70	1,365.52
Less: Finance Cost	(379.21)	(226.79)	(10,449.73)	(7,216.12)
Less: Depreciation and Amortisation	(26.97)	(10.48)	(3,183.26)	(2,929.73)
Less: Exceptional items	-	-	(3.67)	-
<b>Profit/(loss) before tax (PBT)</b>	<b>(133.19)</b>	<b>135.19</b>	<b>(8,318.75)</b>	<b>(3,408.54)</b>
Tax (expense) / income	74.52	(37.69)	4,623.50	1,527.61
<b>Net Profit/(loss) after Tax</b>	<b>(58.67)</b>	<b>97.50</b>	<b>(3,695.25)</b>	<b>(1,880.93)</b>
Earnings /(loss) per share (EPS) (Rs.)				
Basic and Diluted	(0.26)	0.01	(8.01)	(4.62)

## Standalone

During the year under review, the Company's income stood at INR 435.26 mn. Further, there is an increase in the operating expenditure. As a result, operating profit for the year decreased from INR 365.20 mn to INR 272.01 mn. With increase in finance cost, the Company reported a loss of INR 133.19 mn.

## Consolidated

During the year under review, the consolidated income of the Group stood at INR 23,804.34 mn. Given the current trading environment, while the underlying revenue compared to the previous year shows an increase, there has been a decrease in operating profit and an increase in the loss after tax due to the lower than expected PLF at Sai Wardha as well as single 600 MW unit operations at KSK Mahanadi owing to the transmission corridor constraints of national grid restricting actual generation and the resultant mismatches in meeting overall financing costs.

## Review of Operations

KSK Energy Ventures Limited (KSK Energy) is a power project development Company. The Company carries out development, operations and maintenance of power projects in India. The Company operates power plants which include four coal based plants, one lignite-based power plant, one natural gas based power plant and a solar based power project, having a combined operating capacity of 2072 MW.

# Directors' Report

## Principal Power Assets

KSK's principal power projects are as follows:-

Operational power plants

- Sai Lilagar (formerly Arasmeta), a 86 MW coal based power plant in Chhattisgarh;
- Sai Regency, a 58 MW natural gas based power plant in Tamilnadu;
- Sitapuram, a 43 MW coal based power plant in Telangana;
- VS Lignite, a 135 MW lignite based power plant in Rajasthan;
- Sai Wardha Power, a 540 MW coal based power plant in Maharashtra;
- Sai Maithili Power, a 10 MW Solar power plant in Rajasthan; and
- KSK Mahanadi Power, a 3,600 MW coal based power plant in Chhattisgarh - two units of 600 MW each has been commissioned.

## Power projects under active construction stage

- KSK Mahanadi, a 3,600 MW coal based power plant in Chhattisgarh - remaining 4 units of 600 MW each.

## Review of Business

Further, the operational and financial performance of each of the power plants for the financial year 2014-15 has been outlined in the "Management Discussion and Analysis Report" section.

## Share Capital

During the year under review, the Company has issued and allotted 4,04,04,040 Equity Shares under a Qualified Institutions Placement as per Chapter VIII of SEBI (ICDR) Regulations, 2009. Further, the Company has issued and allotted 8,08,08,080 warrants on preferential basis under preferential issue guidelines under Chapter VII of SEBI (ICDR) Regulations, 2009 and 92,14,700 warrants have been converted into 92,14,700 equity shares during the year.

## Subsidiaries / Joint Ventures / Associates

Details of major subsidiaries of the Company and their business operations during the year under review are covered in the Management Discussion and Analysis Report.

As per the provisions of Section 129 of the Companies Act, 2013 (hereinafter referred to as "Act") read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the Subsidiary Companies/Associate Companies/Joint Ventures has been provided in Form AOC-1.

The consolidated financial statements of the Company which includes the results of its subsidiaries are included in this Annual Report.

Pursuant to the provisions of Section 136 of the Act, the financial statements including consolidated financial statements are being made available on the website of the Company [www.ksk.co.in](http://www.ksk.co.in).

Policy for determining material subsidiaries of the Company is available on the website of the Company at the link: <http://www.ksk.co.in/ourpolicies.php>.

## Companies which have become or ceased to be Subsidiaries, Joint Ventures or Associate Companies during the year

During the year, KSK Surya Photovoltaic Venture Limited has become subsidiary of the Company.

## Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a Management Discussion and Analysis Report, Report on Corporate Governance and Auditors' Certificate are included in the Annual Report.

## Directors and Key Managerial Personnel

### Independent Directors & Non-Executive Directors

Pursuant to the provisions of Section 149 of the Act, which came into effect from 1<sup>st</sup> April 2014, Mr. T.L. Sankar, Mr. S.R. Iyer and Mr. Girish Nilkanth Kulkarni were appointed as Independent Directors at the Annual General Meeting held on 27<sup>th</sup> September 2014. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act.

Mrs. Shubhalakshmi Panse has been appointed as an Additional Director of the Company in the category of Independent Director with effect from 30<sup>th</sup> March 2015. Mrs. Subhalakshmi Panse is proposed to be appointed as director under the provision of section 160 of the Act at the ensuing Annual General Meeting.

In accordance with the provisions of the Act, Mr. Tanmay Das, Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offered himself for re-appointment.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

Pursuant to the provisions of Clause 49 of the Listing Agreement, brief particulars of the directors who are proposed to be appointed/re-appointed are provided as an annexure to the notice convening the Annual General Meeting.

## Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, Mr. S. Kishore & Mr. K.A. Sastry were re-appointed as Whole-time Directors of the Company with effect from 1<sup>st</sup> April, 2015 and Mr. V. Sambasiva Rao has been appointed as Chief Financial Officer and Mr. M.S. Phani Sekhar has been appointed as Company Secretary and Compliance Officer.

## Meetings of the Board

The Board met Nine (9) times during the year. The details are given in Corporate Governance report that forms part of this Annual report.

## Independent Directors Declaration

The company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the applicable provisions of Section 149 of the Act and under Clause 49 of the Listing Agreement with the Stock Exchanges.

## Performance Evaluation

Pursuant to the provisions of Act and Clause 49 of the Listing Agreement, the Nomination and Remuneration Committee (the "Committee") shall lay down the criteria for performance evaluation of Independent Directors and the Board and also provides that the Board is required to monitor and review Board Evaluation Framework.

Clause 49 of the Listing Agreement requires that the performance evaluation of all the independent directors shall be done by the entire Board of Directors excluding the director being evaluated. Further, Independent Directors are required to evaluate the performance of Non-Independent Directors and Board as a whole.

# Directors' Report

The following are some of the broad issues that are considered in performance evaluation:

Criteria for evaluation of Board and its Committees:

- Setting up of performance objectives and performance against them
- Board's contribution to the growth of the Company
- Whether composition of the board and its committees is appropriate with the right mix of knowledge and skills sufficient to maximise performance in the light of future strategy
- Board's ability to respond to crisis
- Board communication with the management team
- Flow of quality information to the Board
- Whether Board procedures are conducive to effective performance and flexible enough to deal with all eventualities

Criteria for evaluation of Independent Directors:

1. Demonstrates knowledge of the sector in which the company operates
2. Quality and value of their contributions at Board meetings
3. Contribution to development of strategy and risk management policy
4. Exhibits understanding of policies of the Company
5. Level of attendance and participation in the Board and Committee Meetings

Criteria for evaluation of Non-Independent Directors:

1. Knowledge of industry issues and exhibition of diligence in leading the organization
2. Level of attendance at the Board and Committee meetings
3. Effectiveness in working with the Board of directors to achieve the desired results
4. Providing direction and support to the Board regarding its fiduciary obligations and governance role
5. Provides well-balanced information and clear recommendations to the Board as it establishes new policies

## Remuneration Policy

In terms of the provisions of Section 178(3) of the Act and Clause 49(IV)(B)(1) of the Listing Agreement, the Nomination and Remuneration Committee is responsible for formulating the criteria for determining qualifications, positive attributes and independence of a Director.

The Nomination and Remuneration Committee is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management.

The Remuneration Policy is annexed herewith as **Annexure I** and the same form part of this Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith and marked as **Annexure II**.

## Particulars of Employees

The particulars of employees as required to be disclosed pursuant to the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith marked as **Annexure III** to this Report.



## Directors' Responsibility Statement

In terms of Section 134(3)<sup>®</sup> and 134(5) of the Act, your Board of Directors to the best of their knowledge and ability confirm that:

- in the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a going concern basis;
- the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Audit Committee

The Audit Committee of the Company constituted in terms of Section 177(1) of the Act and Clause 49 of the Listing Agreement comprises of Independent Directors namely Mr. S.R. Iyer (Chairman), Mr. T.L. Sankar (Member), Mr. Girish N. Kulkarni (Member) and Mrs. Shubhalakshmi Panse (Member).

## Corporate Social Responsibility Committee

KSK has been pursuing CSR activities long before they were made mandatory under the Act. The group's sustainability initiatives towards community are essentially focused on five thrust areas:

1. Education
2. Health and Family welfare
3. Sustainable development
4. Infrastructure development
5. Cultural and Community Support

In compliance with requirements of Section 135 of the Act, the Company has laid down a CSR Policy. The composition of the Committee, contents of CSR Policy and report on CSR activities carried out during the financial year ended 31<sup>st</sup> March, 2015 in the format prescribed under Rule 9 of the Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure IV**.

## Statutory Auditors

M/s. Umamaheswara Rao & Co, Statutory Auditors of the Company, hold office until the conclusion of the 17<sup>th</sup> Annual General Meeting to be held in the calendar year 2017 (subject to ratification by the shareholders at each Annual General Meeting). The Members year on year will be requested to ratify their appointment as Statutory Auditors and to authorise the Board of Directors to fix their remuneration. M/s. Umamaheswara Rao & Co have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

There is no qualification, reservation, adverse remark or disclaimer by the Statutory Auditors in their report and hence no explanation or comments of the Board is required in this matter.

# Directors' Report

## Secretarial Audit Report

In accordance with Section 204 of the Act and rules made thereunder, the Board has appointed Ms. Savita Jyoti, Practising Company Secretary to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2015 is annexed herewith marked as **Annexure V** to this Report.

There is no qualification, reservation, adverse remark or disclaimer by the Secretarial Auditor in her Secretarial Audit Report and hence no explanation or comments of the Board is required in this matter.

## Vigil Mechanism

The Company has formulated a Whistle Blower Policy and has established a Vigil Mechanism for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and Clause 49 of the Listing Agreement with Stock Exchanges.

The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link:<http://ksk.co.in/pdfs/Whistle-Blower-Policy.pdf>.

## Dividend

Your Directors have not recommended any dividend on equity shares for the year under review.

As per the terms of issue, the Company had paid dividend on 8% Cumulative Redeemable Preference Shares of INR 10/- each issued to L&T Infrastructure Finance Company Limited. Further, the Company has also redeemed 33,000,000 8% Cumulative Redeemable Preference Shares of INR 10/- each issued to L&T Infrastructure Finance Company Limited.

## Transfer of amount to Reserves

The net movement in the reserves of the Company for the current and previous financial year are as follows:

Particulars	(INR Million)	
	31.03.2015	31.03.2014
Securities Premium Account	4246.6	(57.85)
Capital Redemption reserve	330.00	330.00

## Deposits from Public

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

## Material changes and commitments

There are no material changes and commitments that affect the financial position of the Company from the financial year ended 31<sup>st</sup> March, 2015 to the date of signing of the Directors' Report. Further, there is no change in the nature of business of the Company.

## Details of significant and material orders passed by the Regulators or Courts or Tribunals

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company's and its future operations.

## Internal Control Systems

The Company's internal financial controls with reference to financial statements were adequate and effective during the financial year 2014-15.

## Loans, Guarantees or Investments Under Section 186 of the Act

Particulars of loans given, investments made, guarantees given and securities provided are detailed in the financial statements.

## Contracts and arrangements with Related Parties

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2014-15 pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014. There were no materially significant transactions with related parties during the financial year which were in conflict with interest of the Company and hence, enclosing of Form AOC-2 is not required. Suitable disclosure as required by the Accounting Standard (AS-18) has been made in the notes to the financial statements.

The Board has approved a policy for Related Party Transactions which has been posted on the Company's website at the weblink-<http://ksk.co.in/ourpolicies.php>.

## Risk Management Policy

The Company's policy for Risk Management is to apply best practice in identifying, evaluating and cost-effectively controlling risks to ensure that any residual risks are at an acceptable level. Whilst it is not possible to eliminate risk absolutely, effort is underway to actively promote and apply best practices at all levels and to all its activities, including its dealing with external partners.

## Extract of Annual Return

As provided under Section 92(3) of the Act, the extract of annual return is given in **Annexure VI** in the prescribed Form MGT-9, which form part of this report.

## Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

### A. Conservation of Energy:

- 1) Steps taken or impact on conservation of energy: -N.A.-
- 2) Steps taken by the Company for utilizing alternate sources of energy: -N.A.-
- 3) The Capital investment on energy conservation equipments: -N.A.-

### B. Technology Absorption:

- i. The Efforts made towards technology absorption: NIL
- ii. The Benefits derived like product improvement, cost reduction, product development or import substitution: NIL
- iii. Details of technology imported during the past 3 years:
 

No technology has been imported during the past 3 years.

  - a. The details of technology import: -NIL
  - b. The year of import: -NIL
  - c. Whether the technology has been fully absorbed: -NIL
  - d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: - NIL

# Directors' Report

iv. The expenditure incurred on Research and Development: -N.A.-

C. Foreign Exchange Earnings and Outgo:

(INR Million)

	2014-15	2013-14
Exchange Earnings	-	-
Foreign Exchange Outgo	-	-

## Acknowledgements

Your Directors would like to place on record their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government of India, State Government, Government Authorities, Customers, Vendors and Shareholders. Your Directors also wish to place on record their deep sense of appreciation for the services of the employees of the Company. We look forward to their continued support in the future.

On behalf of the Board

Sd/-

Hyderabad

Date: 20<sup>th</sup> July, 2015

**T.L. Sankar**

Chairman

## ANNEXURE-I

### REMUNERATION POLICY

#### Preamble

Much before the advent of Companies Act, 2013 mandating various class of Companies to formulate a Remuneration Policy, KSK Energy Ventures Limited ("KSK" or "Company") has a remuneration strategy in place, designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the best people who are committed to maintaining a long-term career with the Company and aligning their performance and interest to the long-term interests of the Company.

In achieving this, the Company always believed that effective governance of its remuneration practices is a key driver. The guiding principle has always been that the remuneration and the other terms of employment shall be competitive in order to ensure that KSK can attract and retain competent people.

#### Purpose

This Policy on appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the "Policy") has been formulated in terms of the provisions of Section 178 of the Companies Act, 2013 (the "Act") and the provisions of Clause 49 of the Listing Agreement.

#### Objectives of the Policy

The objectives of this policy are as detailed below:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a

policy, relating to the remuneration for the directors, key managerial personnel and other employees.

- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
- To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To ensure that the remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- To evaluate the performance of the members of the Board.

## Definitions

Some of the key terms used in the policy are as under:

Board means Board of Directors of KSK Energy Ventures Limited or the Company.

Director means a director appointed on the Board of the Company including executive, non-executive and independent directors.

Independent Director means a director referred to in Section 149(6) of the Act and the Clause 49, as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act and includes Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-time Director; Company Secretary and Chief Financial Officer.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Clause 49.

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads.

## Constitution of Nomination and Remuneration and Nomination Committee

A Nomination and Remuneration Committee of the Board has been constituted in line with the requirements of Companies Act, 2013.

## Role of the Committee:

- Formulation of the criteria for determining qualifications, positive attributes and Independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

## Remuneration of Managing / Whole-time Director, KMP and Senior Management:

The remuneration / compensation / commission, etc., to the Managing /Whole-time Director will be determined by the Committee and recommended to the Board for approval and shall be in accordance with the provisions of Companies Act, 2013 and Rules made thereunder and subject to the approval of the shareholders of the Company.

# Directors' Report

Further, the Whole-time Directors of the Company are authorised to decide the remuneration of KMP (other than Managing / Whole-time Director) and Senior Management and which shall be decided by the Managing Director based on the standard market practices and prevailing HR policy of the Company.

## Remuneration to Non-executive / Independent Director

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive /Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board /shareholders.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the Clause 49, as amended from time to time.

## Annexure-II to Directors' Report

Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2014-15, the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2014-15 and the comparison of the each remuneration of the Key Managerial Personnel against the performance of the company are as below:

S. No.	Name of the Director	Designation	Remuneration of Director/Key Managerial Personnel for the financial year (INR Million)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company
1	Mr. T.L. Sankar <sup>1</sup>	Non-Executive Chairman and Independent Director	Nil	Nil	Nil	The Company has earned an income of INR 435.26 mn and achieved an operating profit of INR 272.01 mn. The Remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.
2	Mr. S.R. Iyer <sup>1</sup>	Independent Director	Nil	Nil	Nil	
3	Mr. Girish Kulkarni <sup>1</sup>	Independent Director	Nil	Nil	Nil	
4	Mrs. Shubhalakshmi Panse <sup>2</sup>	Independent Director	Nil	Nil	Nil	
5	Mr. K. A. Sastry	Whole-time Director	8.40	1:0.2076	Nil	
6	Mr. S. Kishore	Whole-time Director	8.40	1:0.2076	Nil	
7	Mr. K. Bapi Raju <sup>3</sup>	Non-Executive Director	Nil	Nil	Nil	
8	Mr. Anil Kumar Kutty <sup>3</sup>	Non-Executive Director	Nil	Nil	Nil	
9	Mr. Tanmay Das <sup>3</sup>	Non-Executive Director	Nil	Nil	Nil	
10	Mr. V. Sambasiva Rao <sup>4</sup>	Chief Financial Officer	3.61	Not Applicable	Nil	
11	Mr. M.S. Phani Sekhar	Company Secretary	1.59	Not Applicable	55.28%	



- <sup>1</sup> Mr. T.L. Sankar, Mr. S.R. Iyer, Mr. Girish Kulkarni were paid sitting fees for attending the Meetings
- <sup>2</sup> Mrs. Shubhalakshmi Panse appointed w.e.f. 30<sup>th</sup> March 2015
- <sup>3</sup> Mr. K. Bapi Raju, Mr. Anil Kumar Kutty and Mr. Tanmay Das were not paid any remuneration
- <sup>4</sup> Mr. V. Sambasiva Rao is a permanent employee of the Company for the whole year and was appointed Chief Financial Officer w.e.f. 30<sup>th</sup> March 2015
- (ii) The Company experienced an average decrease of (21.73%) in the median remuneration of employees in the financial year.
- (iii) The Company has 19 permanent employees on the rolls of Company as on 31<sup>st</sup> March 2015.
- (iv) The Company has earned an income of INR 435.26 mn and achieved an operating profit of INR 272.01 mn. The Company has experienced an average decrease of (2.35%) in remuneration.
- (v) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the company came out with the last public offer:

Particulars	At the time of IPO 14 <sup>th</sup> July 2008	As at 31 <sup>st</sup> March 2014	As at 31 <sup>st</sup> March 2015
Market Capitalisation	INR 66365.58 mn	INR 25543.82 mn	INR 25334.95 mn
Price Earnings Ratio	33.46	(14.84)	(7.49)
Share Price	191.75	68.55	60.00
% change in Share Price		-64%	-12%

- (vi) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was NIL whereas the increase in the managerial remuneration was 55.28%.
- (vii) The key parameters for any variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee.
- (viii) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not Applicable; and
- (ix) It is hereby affirmed that the Remuneration paid to Directors, Key Managerial Personnel and Senior Management is as per the Remuneration policy of the Company.

# Directors' Report

## Annexure-III to Directors' Report

Information pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of the Employee	Age (yrs)	Qualifications	Designation	DIN	Date of commencement of employment	Remuneration	Experience (Years)	Last Employment
Mr. K.A. Sastry	56	B.Com, FCA	Whole-Time Director	00006566	1 <sup>st</sup> April, 2004	INR 8.4 mn	27	Director, K&S Consulting Group Private Limited
Mr. S. Kishore	53	B.Com, FCA	Whole-Time Director	00006627	1 <sup>st</sup> April, 2004	INR 8.4 mn	28	Director, K&S Consulting Group Private Limited

- (i) All the above appointments are contractual.
- (ii) Mr. K.A. Sastry and Mr. S. Kishore are not related to any Director or Manager of the Company

## Annexure-IV to Directors' Report

Report on CSR Activities undertaken during the year as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

The CSR activities of KSK reflect its basic philosophy of being an infrastructure company that not only generates power - which is an essential building block for the development and sustenance of the economy - but also, a Company that seeks a larger role in nation-building through its contribution towards improving the lives of the communities in whose midst it works. The projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013.

The group's CSR initiatives towards community are essentially focused on five thrust areas:

1. Education
2. Health and Family welfare
3. Sustainable Development
4. Infrastructure Development
5. Cultural and Community Support

web-link:<http://ksk.co.in/pdfs/CSR-Policy.pdf>

2. The CSR committee comprises of Mr. T.L. Sankar - Chairman, Mr. Anil Kumar Kutty - Member and Mr. Tanmay Das - Member
3. Average net profit of the Company for last three financial years is INR 225.61 mn
4. Prescribed CSR expenditure is INR 4.51mn

## 5. Details of CSR spend for the financial year:

- a. Total amount spent for the financial year: INR 5 mn
- b. Amount unspent, if any: Nil
- c. Manner in which the amount spent during the financial year:

Manner in which amount spent during the financial year is detailed below:

(INR Million)						
CSR project or activity projects identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
Public Health	Promoting health care	Chhattisgarh	5.0	5.0	5.0	Implementing Agency
<b>Total</b>			<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	

## 6. The Company has spent two percent of average net profits of the last three financial years.

We hereby confirm that the Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

For and on behalf of Corporate Social Responsibility Committee

Sd/-  
**Mr. S. Kishore**  
Whole-time Director

Sd/-  
**Mr. T.L. Sankar**  
Chairman of CSR  
Committee

# Directors' Report

## Annexure-V to Directors' Report

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2015

To,

The Members,

**KSK Energy Ventures Limited**

CIN: L45204AP2001PLC057199

8-2-293/82/A/431/A, Road No.22, Jubilee Hills

Hyderabad - 500 033

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KSK Energy Ventures Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KSK Energy Ventures Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the Audit Period)

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the Audit Period)

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not notified hence not applicable to the Company during the Audit Period)
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

### **I further report that during the audit period**

- 1) The Company has redeemed Preference Shares aggregating to Rs. 33,00,00,000.
- 2) The Company has issued and allotted 4,04,04,040 Equity Shares under a Qualified Institutions Placement as per Chapter VIII of SEBI (ICDR) Regulations, 2009.
- 3) The Company has issued and allotted 8,08,08,080 warrants on preferential basis under preferential issue guidelines under Chapter VII of SEBI (ICDR) Regulations, 2009 and 92,14,700 warrants have been converted into 92,14,700 equity shares during the year.

Date: 25<sup>th</sup> June , 2015  
Place: Hyderabad

Savita Jyoti Associates  
Practicing Company Secretary  
FCS No.3738  
C P No.:1796

# Directors' Report

## Annexure-VI to Directors' Report

### FORM NO. MGT 9

#### EXTRACT OF ANNUAL RETURN

(As on financial year ended on 31<sup>st</sup> March 2015)

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

- |  |   |
|--|---|
| 1. CIN   | L45204AP2001PLC057199   |
| 2. Registration Date   | 14 <sup>th</sup> February, 2001   |
| 3. Name of the Company   | KSK ENERGY VENTURES LIMITED   |
| 4. Category/Sub-category of the Company                              | Public Company limited by shares  |
| 5. Address of the Registered office&contact details                  | 8-2-293/82/A/431/A, Road No.22, Jubilee Hills, Hyderabad 500 033.<br>040-23559922-25  |
| 6. Whether listed company  | YES   |
| 7. Name, Address & contact details of the Registrar & Transfer Agent | Karvy Computershare Private Limited<br>Unit: KSK Energy Ventures Limited<br>Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032.<br>Tel: 040-67162222<br>E-mail : einward.ris@karvy.com |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company)

Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
Project Management / Development of Power Projects	42201	100%



### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name and address of the Company	CIN/GLN	Holding / subsidiary/ associate	% of shares held	Applicable section
1	KSK Energy Limited St. James Court, St. Denis strt., Port Louis, Mauritius	NA	Holding	45.27	2 (87)
2	KSK Narmada Power Company Private Limited*	U40109TG2005PTC047719	Subsidiary	100	2 (87)
3	KSK Wind Energy Private Limited*	U40109TG2005PTC047721	Subsidiary	100	2 (87)
4	KSK Vidarbha Power Company Private Limited*	U40109TG2005PTC047720	Subsidiary	100	2 (87)
5	KSK Wardha Infrastructure Private Limited**	U45400TN1998PTC040606	Subsidiary	100	2 (87)
6	Sai Maithili Power Company Private Limited*	U40101TG2002PTC039426	Subsidiary	76	2 (87)
7	KSK Dibbin Hydro Power Private Limited*	U40108TG2007PTC053501	Subsidiary	81.01	2 (87)
8	Kameng Dam Hydro Power Limited*	U40108TG2007PLC053499	Subsidiary	100	2 (87)
9	Sai Lilagar Power Limited (formerly Arasmeta Captive Power Company Limited)*	U40101TG2004PLC061239	Subsidiary	100	2 (87)
10	KSK Electricity Financing India Private Limited*	U40109TG2005PTC047594	Subsidiary	100	2 (87)
11	VS Lignite Power Private Limited*	U40104AP2001PTC045088	Subsidiary	83.75	2 (87)
12	Sai Regency Power Corporation Private Limited**	U40105TN2002PTC055046	Subsidiary	73.92	2 (87)
13	Sai Wardha Power Limited*	U40109TG2005PLC047917	Subsidiary	83.93	2 (87)
14	KSK Mahanadi Power Company Limited*	U40300TG2009PLC064062	Subsidiary	87.35	2 (87)
15	J R Power Gen Private Limited**	U31200TN2007PTC062021	Subsidiary	99.87	2 (87)
16	KSK Upper Subansiri Hydro Energy Limited*	U40108TG2010PLC068931	Subsidiary	100	2 (87)
17	KSK Jameri Hydro Power Private Limited*	U40108TG2010PTC071752	Subsidiary	100	2 (87)
18	KSK Dinchang Power Company Private Limited*	U40108TG2010PTC071808	Subsidiary	100	2 (87)
19	Field Mining and Ispats Limited 2nd Floor, Bhaskar, besides MLA Hostel Civil Lines, Nagpur, Maharashtra - 440 001	U13100MH2001PLC131680	Subsidiary	84.98	2 (87)
20	KSK Surya Photovoltaic Venture Limited*	U74999TG2008PLC057567	Subsidiary	93.23	2 (87)
21	Tila Karnali Hydro Electric Company Private Limited Kathmandu Municipality - 3, Baluwatar, Kathmandu, Nepal	NA	Subsidiary	80	2 (87)
22	Bheri Hydro Power Company Private Limited Kathmandu Municipality - 2, Saraswattithan Marg, Gairithara, Kathmandu, Nepal	NA	Subsidiary	90	2 (87)
23	Sai Power Pte Ltd 79, Robinson Rd, # 16-01 CPF Bldg., Singapore 068897	NA	Subsidiary	100	2 (87)
24	Sitapuram Power Limited Sitapuram, Dondapadu, Post-Melacheruvu (M), Nalgonda, Telangana-508246	U40109TG2005PLC046893	Associate	49	2 (6)

\*8-2-293/82/A/431/A, Road No. 22, Jubilee Hills, Hyderabad - 500 033

\*\*2<sup>nd</sup> Floor, Crown Court, No. 128, Cathedral Road, Chennai - 600 086

# Directors' Report

## IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>PROMOTER AND PROMOTER GROUP</b>									
INDIAN									
Individual /HUF	-	-	-	-	-	-	-	-	-
Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	79345007	-	79345007	21.29	79345007	-	79345007	18.79	(2.5)
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub-Total A(1)	79345007		79345007	21.29	79345007		79345007	18.79	
FOREIGN	-	-	-	-	-	-	-	-	-
Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
Bodies Corporate	199887670		199887670	53.64	199815748	9214700	209030448	49.50	(4.14)
Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(2) :</b>	<b>199887670</b>		<b>199887670</b>	<b>53.64</b>	<b>199815748</b>	<b>9214700</b>	<b>209030448</b>	<b>49.50</b>	
<b>Total A=A(1)+A(2)</b>	<b>279232677</b>		<b>279232677</b>	<b>74.94</b>	<b>279160755</b>	<b>9214700</b>	<b>288375455</b>	<b>68.30</b>	
<b>PUBLIC SHAREHOLDING</b>	-	-	-	-	-	-	-	-	-
INSTITUTIONS	-	-	-	-	-	-	-	-	-
Mutual Funds /UTI	12135112		12135112	3.26	45227457		45227457	10.71	7.45
Financial Institutions /Banks	11956481		11956481	3.21	11969861		11969861	2.83	(0.38)
Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
Foreign Institutional Investors	18663657		18663657	5.01	25752501		25752501	6.10	1.09
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(1) :</b>	<b>42755250</b>		<b>42755250</b>	<b>11.47</b>	<b>82949819</b>		<b>82949819</b>	<b>19.64</b>	<b>8.17</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>NON-INSTITUTIONS</b>									
Bodies Corporate	20114307		20114307	5.40	19874596		19874596	4.71	(0.69)
Individuals	-	-	-	-	-	-	-	-	-
(i) Individuals holding nominal share capital upto Rs.1 lakh	2799784	13	2799797	0.75	3055356	13	3055369	0.72	(0.03)
(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	928507		928507	0.25	1394821		1394821	0.33	0.08
Others	26799916		26799916	7.19	26599134		26599134	6.30	(0.89)
<b>Sub-Total (B) (2)</b>	<b>50642527</b>		<b>50642527</b>	<b>13.59</b>	<b>50923907</b>	<b>13</b>	<b>50923920</b>	<b>12.06</b>	<b>(1.53)</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>93397764</b>	<b>13</b>	<b>93397777</b>	<b>25.06</b>	<b>133873726</b>	<b>9214713</b>	<b>133873739</b>	<b>31.70</b>	<b>6.64</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>372630441</b>	<b>13</b>	<b>372630454</b>	<b>100</b>	<b>413034481</b>	<b>9214713</b>	<b>422249194</b>	<b>100</b>	

## ii) Shareholding of Promoters

S No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year *
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	KSK Energy Limited	191222031	51.32	94.08	191150109	45.27	99.81	( 6.05)
2	KSK Energy Company Limited	79345007	21.29	99.99	79336715	18.79	99.99	(2.5)
3	KSK Power Holdings Limited	8665639	2.33	0	17880339	4.23	0	1.9

\* Change is due to the allotment of equity shares consequent to the conversion of warrants allotted to KSK Power Holdings Limited

# Directors' Report

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	KSK Energy Limited	191222031	51.32	01.04.2014				
				31.10.2014	(70753)	Sale	191151278	46.28
				07.11.2014	(1169)	Sale	191150109	46.27
				31.03.2015			191150109	45.27
2	KSK Energy Company Private Limited	79345007	21.29	01.04.2014				
				31.03.2015	79345007			18.79
3	KSK Power Holdings Limited	8665639	2.33	01.04.2014				
				31.03.2015	9214700	Allotment of equity shares consequent upon conversion of share warrants	17880339	4.23

## (iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

S.No	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	HDFC TRUSTEE COMPANY LIMITED-HDFC EQUITY FUND	10411887	2.79	37110028	8.98
2	LB MAURITIUS IV LTD	18500000	4.96	18500000	4.48
3	TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD	3470000	0.93	9008000	2.18
4	LB MAURITIUS III LTD	7874531	2.11	7874531	1.91
5	ICICI PRUDENTIAL INDIA RECOVERY FUND-SERIES 1	0	0.00	5951853	1.44
6	NAPEAN TRADING AND INVESTMENT CO PVT LTD	0	0.00	5703648	1.38
7	LIFE INSURANCE CORPORATION OF INDIA	4001256	1.07	4001256	0.97
8	REGAL INVESTMENT AND TRADING CO PVT LTD	0	0.00	3800000	0.92
9	AMUNDI FUNDS A/C AMUNDI FUNDS - EQUITY INDIA	2383098	0.64	3000000	0.73
10	MORGAN STANLEY ASIA (SINGAPORE) PTE.	2051541	0.55	2749845	0.67

- Note :
1. The Share Capital of the Company as on 01.04.2014 is 372630454. 40404040 equity share were allotted on 9<sup>th</sup> June, 2014 through a Qualified Institutional Placement. 9214700 Equity shares were allotted consequent to the conversion of share warrants into equity shares on 31<sup>st</sup> March, 2015
  2. The shares of the Company are traded on a daily basis on the stock exchanges and hence date wise increase/decrease in shareholding is not provided.
  3. The details of the date-wise increase/decrease will be provided at the request of shareholder

#### v) Shareholding of Directors and Key Managerial Personnel:

S.No	Name of the Director / Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Directors					
1	Mr. T.L. Sankar				
	At the beginning of the year	0	0		
	At the end of the year			0	0
2	Mr. S.R. Iyer				
	At the beginning of the year	0	0		
	At the end of the year			0	0
3	Mr. Girish Kulkarni				
	At the beginning of the year	100	0		
	At the end of the year			100	0
4	Mrs. Shubhalakshmi Panse				
	At the beginning of the year	0	0		
	At the end of the year			0	0
5	Mr. Anil Kumar Kutty				
	At the beginning of the year	375	0		
	At the end of the year			375	0
6	Mr. Tanmay Das				
	At the beginning of the year	0	0		
	At the end of the year			0	0
7	Mr. K. Bapi Raju				
	At the beginning of the year	0	0		
	At the end of the year			0	0
8	Mr. K.A. Sastry				
	At the beginning of the year	0	0		
	At the end of the year			0	0
9	Mr. S. Kishore				
	At the beginning of the year	0	0		
	At the end of the year			0	0
Key Managerial Personnel					
1	Mr. V. Sambasiva Rao				
	At the beginning of the year	0	0		
	At the end of the year			0	0
2	Mr. M.S. Phani Sekhar				
	At the beginning of the year	2225	0		
	Sold on 4 <sup>th</sup> July, 2014	225		2000	
	At the end of the year			2000	0

# Directors' Report

## V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(INR Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2177.27	885.5	0	3062.77
ii) Interest due but not paid	0	79.33	0	79.33
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>2177.27</b>	<b>964.83</b>	<b>0</b>	<b>3142.10</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	0	3788.64	0	3788.64
* Reduction	(171.75)	0	0	(171.75)
Net Change	(171.75)	3788.64	0	3616.89
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2005.51	4648.00	0	6653.51
ii) Interest due but not paid	0	105.47	0	105.47
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>2005.51</b>	<b>4753.47</b>	<b>0</b>	<b>6758.99</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(INR Million)

S.No.	Particulars of Remuneration	Name of WTD		Total Amount
1	Gross salary	K. A. Sastry	S. Kishore	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.4	8.4	16.8
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit			
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	8.4	8.4	16.8
	Ceiling as per the Act	10% of the net profits of the Company as calculated under Section 198 of Companies Act, 2013		

## B. Remuneration to other directors

(INR Million)

S.No.	Particulars of Remuneration	Name of WTD				Total Amount
		T. L. Sankar	S.R. Iyer	Girish Kulkarni	Shubhalakshmi Panse*	
1	Independent Directors					
	Fee for attending board committee meetings	0.22	0.14	0.08	0	0.44
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	0.22	0.14	0.08	0	0.44
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	0.22	0.14	0.08	0	0.44
	Ceiling as per the Act	1% of the net profits of the Company as calculated under Section 198 of Companies Act, 2013				
	Total Managerial Remuneration					17.24
	Overall Ceiling as per the Act	11% of the net profits of the Company as calculated under Section 198 of Companies Act, 2013				

\*Appointed w.e.f. 30<sup>th</sup> March, 2015

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(INR Million)

S.No	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total (Rs.)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.59	3.60	5.19
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-



# Directors' Report

(INR Million)

S.No	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total (Rs.)
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	Others specify	-	-	-
5	Others, please specify	-	-	-
	Total	1.59	3.60	5.19

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

# Independent Auditor's Report

**To**

## **The Members of KSK Energy Ventures Limited**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of KSK Energy Ventures Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

### **Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

# Independent Auditor's Report

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. 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.;
  - b. 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.
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in section 133 of companies act 2013 , read with Rule 7 of Companies (Accounts) Rules, 2014.
  - e. on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of sub-section (2) of section 164(2) of the Companies Act, 2013.
  - f. 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:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 22 to the financial statements
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Umamaheswara Rao & Co.,**

Chartered Accountants

Sd/-

**S Venugopal**

Partner

ICAI MRN: 205565

FRN 004453S

Place: Hyderabad

Date: 30 May 2015

# Annexure to Auditors' Report

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

According to the information and explanations given to us:

- i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a fixed programme of Physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified the fixed assets during the year. No material discrepancies were noticed on such verification.
- ii. The Clause relating to Inventories is not applicable to the company, as the Company has not carried out any manufacturing activity.
- iii. The Company has granted unsecured loans from time to time to five Companies covered in the register maintained under section 189 of the Companies Act, 2013.
  - (a) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest as stipulated.
  - (b) The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of the principal amount.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- v. 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 not been prescribed by the central government under subsection (1) of section 148 of the Act.
- vii. (a) According to the Information and explanations given to us and on the basis of examination of books of accounts, the Company is regular in depositing undisputed statutory dues including provident fund, , Employee's State Insurance, Income tax, Sales tax, Wealth tax, service tax, Custom duty, Excise duty, cess and other statutory dues with the appropriate authority and as at 31<sup>st</sup> March, 2015, no undisputed statutory dues were outstanding for more than six months from the date they became payable.
- (b) There were no dues in respect of income tax, sales tax, wealth tax, customs duty, excise duty, Value Added Tax and cess that have not been deposited with the appropriate authorities on the account of any dispute as on 31<sup>st</sup> March 2015, other than those furnished below:

Name of the statute	Nature of dues	Forum where pending	Period to which amount relates	Amount (In Crores)
Finance Act, 1994	Service Tax	CESTAT	April, 2008 to March, 2010	50.20

- (c) According to the information and explanations given to us there were no amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.

# Annexure to Auditors' Report

- viii. The company has no accumulated losses as at the end of the financial year. The company has incurred Cash losses during the current financial year. The company has not incurred cash losses in the immediately preceding year.
- ix. The company has not defaulted in repayment of dues to any Financial Institution/Banks.
- x. In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interests of the Company.
- xi. In our opinion, the term loans raised have been applied for the purpose for which they were raised.
- xii. Based on the audit procedures adopted we are of the opinion that, no fraud on or by the company has been noticed or reported during the course of our audit.

For **UmamaheswaraRao & Co.,**

Chartered Accountants

Sd/-

**S Venugopal**

Partner

ICAI MRN: 205565

FRN 004453S

Place: Hyderabad

Date: 30 May 2015

# Balance Sheet as at 31 March 2015

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Note	As at	
		31 March 2015	31 March 2014
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	4,562.49	4,396.30
(b) Reserves and surplus	4	26,397.66	22,255.02
(c) Money received against share warrants	5	1,776.60	-
		32,736.75	26,651.32
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	6	3,608.78	230.00
(b) Other non-current liabilities		-	1,284.92
(c) Deferred tax liabilities (net)	7	-	0.69
		3,608.78	1,515.61
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	1,188.09	1,432.34
(b) Trade payables	8	1,908.85	1,980.80
(c) Other current liabilities	10	2,068.84	1,610.19
(d) Short-term provisions	9	6.79	19.23
		5,172.57	5,042.56
		<b>41,518.10</b>	<b>33,209.49</b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	174.36	198.10
(ii) Intangible assets	11	0.79	2.71
(iii) Capital work in progress	11	8.30	7.71
(b) Non-current investments	12	36,410.83	29,856.94
(c) Deferred tax assets (net)	7	73.83	-
(d) Long-term loans and advances	13	2,916.50	1,346.26
(e) Other non-current assets	14	250.54	231.14
		39,835.15	31,642.86

# Balance Sheet as at 31 March 2015

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Note	As at	
		31 March 2015	31 March 2014
<b>2 Current assets</b>			
(a) Trade receivables	15	110.29	217.60
(b) Cash and bank balance	16	816.22	219.97
(c) Short-term loans and advances	13	739.42	824.67
(d) Other current assets	14	17.02	304.39
		1,682.95	1,566.63
		<b>41,518.10</b>	<b>33,209.49</b>

See accompanying notes to the financial statements

As per our report of even date

For **Umamaheswara Rao & Co.,**

Chartered Accountants

Firm Registration No: 004453S

for and on behalf of the Board

Sd/-

**S. Venugopal**

Partner

Membership No: 205565

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. A. Sastry**

Whole-time Director

DIN - 00006566

Sd/-

**V. Sambasiva Rao**

Chief Financial officer

Sd/-

**M. S. Phani Sekhar**

Company Secretary

Place: Hyderabad

Date: 30 May 2015



# Statement of Profit and Loss for the year ended 31 March 2015

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Note	Year ended	
		31 March 2015	31 March 2014
<b>I</b> Revenue from operations	17	435.26	479.76
<b>II</b> Other income	18	0.97	7.26
<b>III Total revenue (I+II)</b>		<b>436.23</b>	<b>487.02</b>
<b>IV Expenses</b>			
Employee benefits expense	19	56.85	54.97
Other expenses	20	106.39	59.59
Finance costs	21	379.21	226.79
Depreciation and amortisation expense	11	26.97	10.48
<b>Total expenses</b>		<b>569.42</b>	<b>351.83</b>
<b>V Profit /(loss) before tax (III-IV)</b>		<b>(133.19)</b>	<b>135.19</b>
<b>VI Tax expense / (Income)</b>			
Current tax		-	38.21
Deferred tax		(74.52)	(0.52)
<b>Total tax expense / (Income)</b>		<b>(74.52)</b>	<b>37.69</b>
<b>VII Profit / (loss) for the year (V-VI)</b>		<b>(58.67)</b>	<b>97.50</b>
<b>VIII Earnings / (loss) per share :</b>			
Basic and Diluted- face value Rs.10 per share		(0.26)	0.01

See accompanying notes to the financial statements

As per our report of even date

For **Umamaheswara Rao & Co.,**

Chartered Accountants

Firm Registration No: 004453S

for and on behalf of the Board

Sd/-

**S. Venugopal**

Partner

Membership No: 205565

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. A. Sastry**

Whole-time Director

DIN - 00006566

Sd/-

**V. Sambasiva Rao**

Chief Financial officer

Sd/-

**M. S. Phani Sekhar**

Company Secretary

Place: Hyderabad

Date: 30 May 2015

# Cash Flow Statement for the year ended 31 March 2015

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	31 March 2015	31 March 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit /(loss) before tax	(133.19)	135.19
<b>Adjustment for</b>		
Depreciation and amortisation expense	26.97	10.48
Finance costs	506.06	928.62
Interest income	(126.85)	(701.83)
Advance / receivable written off	47.51	-
Profit/Loss on sale of assets, net	(0.28)	0.03
<b>Operating profit before working capital changes</b>	<b>320.22</b>	<b>372.49</b>
<b>Adjustment for working capital</b>		
Trade receivables	107.31	(217.60)
Loans and advances	322.37	(337.02)
Other assets	(1.02)	0.49
Trade payables	(71.94)	133.82
Other liabilities and provisions	(23.17)	30.39
<b>Cash generated from / (used in ) operations</b>	<b>653.77</b>	<b>(17.43)</b>
Income taxes paid	(56.79)	(136.74)
<b>Net cash provided by / (used in) operating activities</b>	<b>596.98</b>	<b>(154.17)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital work-in-progress and capital advance	(26.65)	(95.16)
Sale of fixed assets	1.58	0.02
Advance for investments, net	957.55	(781.88)
Inter corporate deposit given / refund, net	(2,685.21)	2,167.75
Purchase of non current investments	(6,553.90)	(8.13)
(Investment)/redemption of bank deposit (held as margin money or security against guarantees or borrowings)	51.78	66.49
(Investment)/redemption of bank deposit (having original maturity more than three months)	0.14	(0.01)
Interest received	369.97	676.85
<b>Net cash provided by / (used in) investing activities</b>	<b>(7,884.74)</b>	<b>2,025.93</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from share issue, net of share issue expenses	4,824.05	-
Redemption of preference share capital	(411.26)	(387.86)
Money received against share warrants	1,776.60	-
Payment of dividend and dividend tax	(57.73)	(93.59)
Repayment of long term borrowings	-	(875.00)
Repayment of long term other liabilities	(1,284.92)	-

	31 March 2015	31 March 2014
Proceed of long term borrowings	3,601.00	-
Proceed of long term other liabilities	-	1,284.92
Proceed/(repayment) of short term borrowings, net	(10.25)	(861.93)
Payment of finance costs	(501.57)	(919.46)
<b>Net cash provided by / (used in) financing activities</b>	<b>7,935.92</b>	<b>(1,852.92)</b>
Net income / (decrease) in cash and cash equivalents	648.16	18.84
Cash and cash equivalents at the beginning of the year	50.53	31.69
<b>Cash and cash equivalents at the end of the year</b>	<b>698.69</b>	<b>50.53</b>
<b>Notes:</b>		
1. Cash and cash equivalents includes:		
Cash in hand	0.17	0.26
Balances with banks		
On current account	698.52	50.27
	<b>698.69</b>	<b>50.53</b>

2 Previous year figures have been regrouped / reclassified to conform to the classification of the current year.

As per our report of even date

For **Umamaheswara Rao & Co.,**

Chartered Accountants

Firm Registration No: 004453S

for and on behalf of the Board

Sd/-

**S. Venugopal**

Partner

Membership No: 205565

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. A. Sastry**

Whole-time Director

DIN - 00006566

Sd/-

**V. Sambasiva Rao**

Chief Financial officer

Sd/-

**M. S. Phani Sekhar**

Company Secretary

Place: Hyderabad

Date: 30 May 2015

# Notes to Financial Statements

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 1 Corporate Information

KSK Energy Ventures Limited ("KSKEVL" or the "Company"), was incorporated on February 14, 2001 and is primarily engaged in the development ownership and operation & maintenance of private sector power projects predominantly through its subsidiaries and joint venture. KSKEVL focused its strategy on the private sector power development market, undertaking entire gamut of development, investment, construction of power plant with supplies initially to heavy industrials operating in India and now branching out to cater to the needs of utilities and others in the wider Indian power sector.

## 2 Significant Accounting Policies

### 2.1 Accounting convention

The Financial Statements of KSK Energy Ventures Limited have been prepared and presented under the historical cost convention on the accrual basis in accordance with Indian Generally Accepted Accounting Principles (GAAP). GAAP comprises Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India.

### 2.2 Use of estimates

The Preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure relating to contingent assets and contingent liabilities as on date of financial statements and the reported amounts of income and expenses during the period. Actual results could differ from the estimates. Examples of such estimates include provision for doubtful debt, future obligation under employee retirement benefit plan, income taxes, useful life of fixed assets, etc. Any revision to accounting estimates is recognised prospectively in current and future periods.

### 2.3 Cash flow statement

Cash flows are reported using the indirect method, where by the net profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated and presented separately.

### 2.4 Revenue recognition

Revenue in the form of project development fees for services rendered in relation to development work of potential power projects is recognised when such fees is assured and determinable under the terms of the respective contract.

Corporate support service income is recognised when such income is assured and determinable under the terms of the respective contract.

Consultancy income is recognised proportionately with the degree of completion of contract.

Dividend income is recognised when the right to receive the same is established.

Interest is recognized using the time proportionate method, based on the underlying interest rates.

Sale of energy is recognised on accrual basis in accordance with the relevant agreements.

### 2.5 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition. Cost of acquisition is inclusive of freight, duties, levies and all incidentals directly or indirectly attributable to bringing the asset to its working condition for its intended use. The cost of fixed assets includes cost of initial warranty/ insurance spares purchased along with the capital asset, which are grouped as single item under respective assets.

Depreciation is computed based on the useful life of the assets as prescribed in schedule II of the Companies Act 2013. Depreciation is calculated using straight line method. Depreciation is calculated on a pro-rata basis from the date of installation / capitalization till the date the assets are sold or disposed.

Depreciation on initial/ warranty spares are provided on the same rates applicable for that Asset group, irrespective of its actual usage.

Intangible assets, viz., computer software is recognized as per the criteria specified in the Accounting Standard (AS) 26 "Intangible Assets" notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006 and is amortized over a period of three years.

Leasehold improvements are amortised over the period of lease.

## **2.6 Foreign currency transactions**

Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.

At the Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

All exchange differences are recognised as income or expense in the period in which they arise.

## **2.7 Investments**

Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

## **2.8 Retirement benefits**

### **Provident fund**

Eligible employees receive benefits from a provident fund, which is a defined contribution scheme. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee salary. The contribution made by the Company is charged to the Statement of Profit and Loss.

### **Gratuity**

In accordance to the Payment of Gratuity Act, 1972, the Company provides for the gratuity, a defined benefit retirement plan ("the gratuity plan") covering the eligible employees. The gratuity plan provides for a lump sum payment to the vested employees at retirement, death, incapacitation or termination of the employment, of an amount based on the respective employee salary and the tenure of the employment with the Company. Liabilities with regard to the gratuity plan are determined by independent actuary. The company makes annual contribution to employee's group gratuity scheme administered by trustees and managed by Life Insurance Corporation of India. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, "Employee Benefits". Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

## **2.9 Borrowing cost**

Borrowing costs include interest on borrowings and amortisation of ancillary cost incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. All other borrowing costs are recognised as an expense in the year in which they are incurred.

## **2.10 Leases**

Lease that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

# Notes to Financial Statements (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 2.11 Earnings per share

Basic earnings per share are computed by dividing the net profit or loss after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss after tax attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

## 2.12 Taxes on income

Income tax expense / (income) comprises of current tax, deferred tax and Minimum Alternative Tax (MAT) credit.

### Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

### Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

The break-up of the deferred tax assets and liabilities as at the Balance Sheet date has been arrived at after setting-off deferred tax assets and liabilities where the Company has legally enforceable right and an intention to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

### MAT Credit

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

## 2.13 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## 2.14 Provisions and contingencies

The Company recognises a provision when there is a present obligation as a result of past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

## 3 Share Capital

	As at	
	31 March 2015	31 March 2014
<b>Authorised</b>		
4,000,000,000 (31 March 2014: 4,000,000,000) equity shares of Rs.10/- each.	40,000.00	40,000.00
1,031,500,000 (31 March 2014: 1,031,500,000) preference shares of Rs.10/- each.	10,315.00	10,315.00
<b>Issued, subscribed and paid up</b>		
422,249,194 (31 March 2014: 372,630,454) equity shares of Rs.10/- each fully paid up.	4,222.49	3,726.30
34,000,000 (31 March 2014: 67,000,000 ) 8% Compulsorily redeemable preference shares of Rs.10/- each fully paid up. (refer note a)	340.00	670.00
	<b>4,562.49</b>	<b>4,396.30</b>

### Notes:

- Above preference shares are redeemable at premium by 30 September 2015.
- The company has only one class of equity shares having a par value of Rs 10/- per share. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of the shareholders.
- Reconciliation of number of shares outstanding**

Particulars	As at	
	31 March 2015	31 March 2014
<b>Equity shares</b>		
Outstanding at the beginning of the year	372,630,454	372,630,454
Issued during year to qualified institutional buyers (Refer note f)	40,404,040	-
Conversion of warrants issued to promotor group (Refer note 5)	9,214,700	-
Outstanding at the end of the year	422,249,194	372,630,454



# Notes to Financial Statements (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Particulars	As at	
	31 March 2015	31 March 2014
<b>8% Compulsorily redeemable preference shares</b>		
Outstanding at the beginning of the year	67,000,000	100,000,000
Redeemed during the year	33,000,000	33,000,000
Outstanding at the end of the year	34,000,000	67,000,000

## d Equity shares held by holding company and its subsidiaries

Name of the share holder	As at	
	31 March 2015	31 March 2014
Holding Company		
No of shares held	191,150,109	191,222,031
% of shares held	45.27%	51.32%
Subsidiaries of Holding Company		
No of shares held	97,225,346	88,010,646
% of shares held	23.02%	23.62%

## e Particulars of shareholders holding more than 5% of the shares

Name of the share holder	As at	
	31 March 2015	31 March 2014
<b>a) Equity shares fully paid - up</b>		
KSK Energy Limited		
No of shares held	191,150,109	191,222,031
% of shares held	45.27%	51.32%
KSK Energy Company Private Limited		
No of shares held	79,345,007	79,345,007
% of shares held	18.79%	21.29%
HDFC Trustee Company Limited		
No of shares held	21,253,116	-
% of shares held	5.03%	-
<b>b) 8% Compulsorily redeemable preference shares -fully paid - up</b>		
L & T Infrastructure Finance Company Limited		
No of shares held	34,000,000	67,000,000
% of shares held	100.00%	100.00%

- f During the year ended 31 March 2015, the Company has raised an amount of Rs 4,000 by issuing 40,404,040 equity shares of Rs 10/- each at a premium of Rs 89 to Qualified Institutional Buyers ("QIBs") through qualified institutions placement. The Company has raised the funds for investment in subsidiaries and Joint ventures, for meeting its capital expenditure and working capital requirement and for general corporate purpose.

#### 4 Reserves and surplus

	As at	
	31 March 2015	31 March 2014
<b>Capital Redemption Reserve</b>		
Opening balance	330.00	-
Transfer from surplus	330.00	330.00
	<b>660.00</b>	<b>330.00</b>
<b>Securities premium</b>		
Balance	18,682.04	18,739.90
Add: On allotment of shares	4,416.07	-
Less: Premium on redemption of preference shares	81.26	57.86
Less: Share issue expenses	88.21	-
	<b>22,928.64</b>	<b>18,682.04</b>
<b>Surplus</b>		
Opening balance	3,242.98	3,568.95
Add: (loss) / profit for the year	(58.67)	97.50
<b>Amount available for appropriations</b>	<b>3,184.31</b>	<b>3,666.45</b>
<b>Appropriations</b>		
Transfer to capital redemption reserve	330.00	330.00
Preference dividend	38.13	79.78
Dividend distribution tax	7.16	13.69
	<b>375.29</b>	<b>423.47</b>
<b>Balance</b>	<b>2,809.02</b>	<b>3,242.98</b>
	<b>26,397.66</b>	<b>22,255.02</b>

#### 5 Money received against share warrants

During the year, the Company has issued 80,808,080 Warrants of face value of Rs. 10 each to KSK Power Holdings Limited ("KPHL") with an option to apply for and be allotted equivalent number of equity shares of the face value of Rs 10/- each at a premium of Rs 89/- each on a preferential basis. Pursuant to the same, during September 2014, Company has received an amount of Rs 2,006.97 from KPHL towards initial subscription amount (being 25% of total amount). During the March 2015, pursuant to the exercise of option attached to these warrants, the company has received an aggregate amount of Rs.681.88 as consideration towards issue and allotment of 9,214,700 equity shares of face value of Rs 10/- each (being balance 75% of the issue price of Rs.99 per equity share). The Company has utilized the entire proceeds of the preferential issue towards meeting its capital expenditure / working capital requirements in accordance with the objects of the said issue.

# Notes to Financial Statements (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 6 Borrowings

	As at	
	31 March 2015	31 March 2014
<b>Long-term borrowings</b>		
<i>Unsecured</i>		
Rupee term loans from others (refer note 1 & 2)	3,378.78	-
Deferred payment liabilities (refer note 3)	230.00	230.00
	<b>3,608.78</b>	<b>230.00</b>
<b>Short-term borrowings</b>		
<i>Secured</i>		
Loan against letter of credits (refer note 4)	371.09	776.84
<i>Unsecured</i>		
Loan against deposits	817.00	655.50
	<b>1,188.09</b>	<b>1,432.34</b>
	<b>4,796.87</b>	<b>1,662.34</b>

- 1 The above rupee term loan from others are secured by first pari-passu charge by way of mortgage/hypothecation of all movable and immovable properties of Arasmeta Captive Power Company Limited and KSK Surya photovoltaic Venture Limited hence the same has been classified as unsecured.
- 2 The long term rupee term loans are repayable in quarterly, half yearly instalments with the last instalment of respective loans are payable from April 2015 to August 2024. The long term borrowings carries an weightage average rate of interest of 14.40 % p.a.
- 3 Deferred payment liability is repayable in March 2023.
- 4 Secured by first pari-passu charge on fixed assets, current assets of the Company and corporate guarantee of KSK Power Ventur plc and KSK Wind Energy Private Limited.

## 7 Deferred tax (net)

	As at	
	31 March 2015	31 March 2014
<b>Deferred tax asset / (liability) as at period end consisting of</b>		
on carry forward of losses	75.54	-
expenses allowed / disallowed	(7.49)	-
on depreciation	5.78	(0.69)
<b>Deferred tax- net</b>	<b>73.83</b>	<b>(0.69)</b>

**8 Trade payables**

	As at	
	31 March 2015	31 March 2014
Dues to other than micro and small enterprises	1,908.85	1,980.80
	<b>1,908.85</b>	<b>1,980.80</b>

The Company has not received any information from suppliers or service providers, whether they are covered under the "The Micro Small and Medium Enterprises Development Act, 2006". Disclosure relating to amount unpaid at the year end together with interest payable, if any, as required under the said Act are not ascertainable.

**9 Provisions**

	As at	
	31 March 2015	31 March 2014
<b>Short-term provisions</b>		
For dividend and tax thereon	6.79	19.23
	<b>6.79</b>	<b>19.23</b>

**10 Other current liabilities**

	As at	
	31 March 2015	31 March 2014
Current maturities of long-term debt	1,856.65	1,400.44
Interest accrued and due on borrowings	105.48	79.33
Salaries and bonus payable	2.53	6.32
Other liabilities	91.47	91.47
Statutory liabilities	12.15	31.53
Creditors for capital goods (including retention money)	0.56	1.10
	<b>2,068.84</b>	<b>1,610.19</b>

# Notes to Financial Statements (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 11 Fixed Assets

Particulars	Gross Block			Depreciation / Amortisation			Net Block		
	1 April 2014	Additions	Deletions / Adjustments	31 March 2015	1 April 2014	For the year*	Deletions / Adjustments	31 March 2015	31 March 2014
<b>Tangible assets</b>									
Land and site development									
Free hold	157.44	1.27	-	158.71	-	-	-	158.71	157.44
Buildings									
Free hold	3.17	-	-	3.17	0.25	0.11	-	2.81	2.91
Lease hold improvements	10.32	-	-	10.32	9.14	0.53	-	0.65	1.18
Electrical works	2.61	-	-	2.61	1.20	0.65	-	0.76	1.41
Furniture and fixtures	9.81	-	-	9.81	5.05	1.49	-	3.27	4.76
Vehicles	9.14	0.66	4.65	5.15	6.21	1.37	3.60	1.17	2.93
Computer	36.53	0.37	-	36.90	27.23	6.17	-	3.50	9.30
Office equipment	25.23	0.01	1.12	24.12	7.06	14.45	0.88	3.49	18.17
<b>Total Tangible assets</b>	<b>254.25</b>	<b>2.31</b>	<b>5.77</b>	<b>250.79</b>	<b>56.14</b>	<b>24.77</b>	<b>4.48</b>	<b>174.36</b>	<b>198.10</b>
<b>Intangible assets</b>									
Computer software	23.60	0.30	-	23.90	20.90	2.21	-	0.79	2.71
<b>Total Intangible assets</b>	<b>23.60</b>	<b>0.30</b>	<b>-</b>	<b>23.90</b>	<b>20.90</b>	<b>2.21</b>	<b>-</b>	<b>0.79</b>	<b>2.71</b>
Capital work in progress									
<b>As at 31 March 2014</b>									
Tangible assets	239.99	14.34	0.09	254.24	47.85	8.31	0.02	198.10	
Intangible assets	22.35	1.26	-	23.61	18.70	2.20	-	2.71	
Capital work in progress								7.71	

\* Pursuant to the Companies Act 2013 (the 'Act'), being effective from 1st April 2014, the Company has provided depreciation based on useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended 31 March 2015 is higher by Rs.6.84 Further, in accordance with the transitional provision provided in note 7(b) of schedule II of the Act, an amount of Rs. 12.32 has been charged as depreciation in respect of assets wherein the useful remaining useful life of assets is NIL

## 12 Non current investments

	As at	
	31 March 2015	31 March 2014
<b>Trade investments</b>		
<b>Investments in equity instruments</b>		
(unquoted, fully paid up )		
3,636,363 (31 March 2014: 3,636,363) Equity shares of Rs.10 each in Terra Energy Limited.	160.00	160.00
<b>Other investments</b>		
<b>Investment in subsidiary</b>		
10,500 (31 March 2014: 10,500) Equity shares of Rs 10 each in KSK Narmada Power Company Private Limited.	0.11	0.11
499,990 (31 March 2014: 499,990) Equity shares of Rs 10 each in KSK Wind Energy Private Limited	5.00	5.00
570,115,305 (31 March 2014: 570,115,305) Equity shares of Rs.10 each in KSK Electricity Financing India Private Limited.	7,527.58	7,527.58
150,000 (31 March 2014: 150,000) Equity shares of Rs.10 each in KSK Wardha Infrastructure Private Limited .	1.50	1.50
10,500 (31 March 2014: 10,500) Equity shares of Rs 10 each in KSK Vidarbha Power Company Private Limited .	0.11	0.11
65,180,000 (31 March 2014: 10,000) Equity shares of Rs 10 each in KSK Dibbin Hydro Power Private Limited.	651.80	0.10
50,000 (31 March 2014: 50,000) Equity shares of Rs 10 each in Kameng Dam Hydro Power Limited.	0.50	0.50
7,660,330 (31 March 2014: 7,660,330) Equity shares of Rs 10 each in JR Power Gen Private Limited.	76.60	76.60
2,425,549,994 (31 March 2014: 2,062,549,994) Equity shares of Rs 10 each in KSK Mahanadi Power Company Limited.	24,255.50	20,625.50
36,500,028 (31 March 2014: 36,500,028) Class A Equity shares of Rs 10 each in Sai Wardha Power Limited.	554.55	554.55
50,000 (31 March 2014: 50,000) Equity shares of Rs 10 each in KSK Upper Subansiri Hydro Energy Limited.	0.50	0.50
1,000,000 (31 March 2014: 1,000,000) Equity shares of Rs 10 each in KSK Dinchang Power Company Private Limited.	10.00	10.00
1,000,000 (31 March 2014: 1,000,000) Equity shares of Rs 10 each in KSK Jameri Hydro Power Private Limited.	10.00	10.00
34,544,718 (31 March 2014: Nil) Equity shares of Rs 10 each in KSK Surya Photovoltaic Venture Limited.	345.45	-

# Notes to Financial Statements (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	As at	
	31 March 2015	31 March 2014
1,059,280 (31 March 2014: 1,059,280) Equity shares of NRs 100 ( in Rs.62.50 ) each in Tila Karnali Hydro Electric Company Private Limited.	66.20	66.20
13,077 (31 March 2014: 13,077) Equity shares of NRs 100 ( in Rs.62.50 ) each in Bheri Hydro Power Company Private Limited.	0.82	0.82
<b>Investments in preference shares</b>		
<i>(unquoted,fully paid up )</i>		
<b>Investment in subsidiary</b>		
4,410,000 (31 March 2014: 4,410,000) 16% optionally convertible cumulative redeemable preference shares of Rs.10 each in KSK Wind Energy Private Limited.	145.53	145.53
4,760,000 (31 March 2014: 4,760,000) 6% convertible preference shares of Rs 10 each in Sai Regency Power Corporation Private Limited.	238.00	238.00
761,600 (31 March 2014: 660,000) 12% cumulative redeemable preference shares of NRs 100 (in Rs 62.50) each in Tila Karnali Hydro Electric Company Private Limited	47.60	41.26
14,850,769 (31 March 2014: 14,850,769) 0.01% Class B cumulative redeemable preference shares of Rs 10 each in Sai Wardha Power Limited.	148.51	148.51
17,107,223 (31 March 2014: 17,107,223) 0.01% Class A redeemable preference shares of Rs 10 each in Sai Wardha Power Limited.	171.07	171.07
129,000,000 (31 March 2014: Nil) 15% Cumulative redeemable preference shares of Rs 10 each in Sai Wardha Power Limited.	1,290.00	-
<b>Investments in Debentures</b>		
<i>(unquoted,fully paid up )</i>		
<b>Investment in subsidiary</b>		
7,350,000 (31 March 2014: 7,350,000) 0.01% Optionally convertible redeemable debentures of Rs 10 each in JR Power Gen Private Limited.	73.50	73.50
1,540,000 (31 March 2014: Nil) 0.01% Optionally convertible redeemable debentures of Rs 10 each in KSK Dibbin Hydro Power Private Limited.	15.40	-
<b>Investments in Warrants</b>		
<i>(unquoted,partly paid up )</i>		
<b>Investment in subsidiary</b>		
123,000,000 (31 March 2014: Nil) Warrants of Rs 10 each, partly paid up in KSK Surya Photovoltaic Venture Limited.	615.00	-
	<b>36,410.83</b>	<b>29,856.94</b>

Aggregate value of unquoted investment as at 31 March 2015: Rs. 36,410.83 (31 March 2014: Rs. 29,856.94)

The Company has pledged the investments in the following entities in favour of the lenders for extending the loans to the respective companies

Details of shares pledged (no of shares)	As at	
	31 March 2015	31 March 2014
Equity shares of Rs.10/-each in KSK Mahanadi Power Company Limited.	2,348,699,994	2,048,942,459
Class 'A' Equity shares of Rs. 10/- each in Sai Wardha Power Limited.	36,500,028	36,500,028

### 13 Loans and advances

	As at	
	31 March 2015	31 March 2014
<b>Long-term loans and advances</b>		
<i>Unsecured, considered good</i>		
Capital advances	96.30	73.38
Prepaid expenses	0.10	0.22
Advance for investments		
Related parties	8.28	965.83
Others	79.61	79.61
Loans and advances		
Related parties	2,448.20	-
Advance tax and TDS receivable (net of provision for tax)	284.01	227.22
	<b>2,916.50</b>	<b>1,346.26</b>
<b>Short-term loans and advances</b>		
<i>Unsecured, considered good</i>		
Loans and advances		
Related parties	279.17	42.16
Advances for supplies / expenses	1.30	1.19
Prepaid expenses (refer note 1 )	7.99	9.20
Other receivables	431.18	453.34
Security deposits	19.78	318.78
	<b>739.42</b>	<b>824.67</b>
	<b>3,655.92</b>	<b>2,170.93</b>

#### Note :

- 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.



# Notes to Financial Statements (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

The following table sets out the status of the gratuity plan as required under AS 15 (Revised)

## Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	As at	
	31 March 2015	31 March 2014
<b>Present value of obligation at the beginning of the year</b>	<b>5.25</b>	<b>5.87</b>
Interest cost	0.46	0.43
Current service cost	0.27	0.31
Benefits paid	-	(0.96)
Actuarial loss/(gain) on obligation	(0.76)	(0.40)
<b>Present value of obligation at the end of the year</b>	<b>5.22</b>	<b>5.25</b>

## Change in fair value of assets

	As at	
	31 March 2015	31 March 2014
<b>Fair value of plan assets at the beginning of the year</b>	<b>7.29</b>	<b>7.65</b>
Expected return on plan assets	0.66	0.63
Contributions	0.17	-
Benefits Paid	-	(0.96)
Actuarial gain/(loss) on plan assets	-	(0.03)
<b>Fair value of plan assets at the end of the year</b>	<b>8.12</b>	<b>7.29</b>

## Experience history

	As at				
	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
<b>Actuarial (gain) / losses</b>	<b>0.76</b>	<b>(0.37)</b>	<b>(0.17)</b>	<b>(5.03)</b>	<b>(1.19)</b>
<b>Experience adjustment</b>					
On account of change in assumption	0.34	(0.47)	(0.02)	0.07	(0.15)
On account of change in experience	(1.11)	0.07	(0.15)	(5.10)	(1.18)
On plan assets	-	(0.03)	-	-	(0.13)

## Amounts recognised in the balance sheet

	As at	
	31 March 2015	31 March 2014
Present value of obligation as at the end of the year	5.22	5.25
Fair value of plan assets at the end of the year	8.12	7.29
Funded status	2.90	2.04
<b>Net asset/(liability) recognised in the balance sheet</b>	<b>2.90</b>	<b>2.04</b>

**Amounts recognised in statement of profit and loss**

	As at	
	31 March 2015	31 March 2014
Current service cost	0.27	0.31
Interest cost	0.46	0.43
Expected return on plan assets	(0.66)	(0.63)
Net actuarial (gain) / loss recognised for the period	(0.76)	(0.37)
<b>Expenses/(benefits) recognised in the statement of profit and loss</b>	<b>(0.69)</b>	<b>(0.26)</b>

**Asset information**

Category of Assets	As at	
	31 March 2015	31 March 2014
Insurer managed funds	100%	100%

**Summary of actuarial assumptions**

	Year ended	
	31 March 2015	31 March 2014
Discount rate	7.77%	8.75%
Salary escalation	10.00%	10.00%
Expected return on plan assets	9.00%	8.75%
Attrition rate	15.00%	15.00%

**Discount rate:** The discount rate is based on the prevailing market yields of indian government securities as at balance sheet date for the estimated term of the obligations

**Expected rate of return on planned 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.

**14 Other assets**

	As at	
	31 March 2015	31 March 2014
<b>Other non-current assets</b>		
<i>Unsecured, considered good</i>		
Long term trade receivables	230.00	230.00
Unammortised portion of ancillary cost of arranging the borrowings	19.28	-
Interest accrued on deposits and advances	0.31	0.19
Balances with banks		
Deposits with bank held as margin money or security against guarantee or borrowings	0.95	0.95
	<b>250.54</b>	<b>231.14</b>

# Notes to Financial Statements (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	As at	
	31 March 2015	31 March 2014
<b>Other current assets</b>		
<i>Unsecured, considered good</i>		
Interest accrued on deposits and advances	6.41	297.17
Unammortised portion of ancillary cost of arranging the borrowings	2.37	-
Balances with statutory authorities	8.24	7.22
	<b>17.02</b>	<b>304.39</b>
	<b>267.56</b>	<b>535.53</b>

## 15 Trade receivables

	As at	
	31 March 2015	31 March 2014
<i>Unsecured, considered good</i>		
Other debts		
related parties	110.29	217.60
	<b>110.29</b>	<b>217.60</b>

## 16 Cash and bank balances

	As at	
	31 March 2015	31 March 2014
<b>Cash and cash equivalents</b>		
Cash on hand	0.17	0.26
<i>Balances with banks</i>		
On current accounts	698.52	50.27
	<b>698.69</b>	<b>50.53</b>
<b>Other bank balances</b>		
Deposits having maturity more than three months	-	0.14
Deposits with bank held as margin money or security against guarantee or borrowings	117.53	169.30
	<b>117.53</b>	<b>169.44</b>
	<b>816.22</b>	<b>219.97</b>

**17 Revenue from operations**

	Year ended	
	31 March 2015	31 March 2014
Project development fees	67.46	67.46
Corporate support services fees	367.80	412.30
	<b>435.26</b>	<b>479.76</b>

**18 Other income**

	Year ended	
	31 March 2015	31 March 2014
Miscellaneous income	0.97	7.26
	<b>0.97</b>	<b>7.26</b>

**19 Employee benefits expense**

	Year ended	
	31 March 2015	31 March 2014
Salaries and wages	53.24	52.70
Contribution to provident and other funds	0.30	0.19
Staff welfare expenses	3.31	2.08
	<b>56.85</b>	<b>54.97</b>

**20 Other expenses**

	Year ended	
	31 March 2015	31 March 2014
Rent	7.01	7.43
Rates and taxes	1.14	0.25
Printing and stationery	3.60	2.80
Communication expenses	3.81	4.50
Office expenses	7.95	6.62
Travel and conveyance	1.82	3.01
Insurance charges	1.58	1.81
Legal and professional charges	14.29	20.04
Auditors' remuneration		
audit fees	2.00	2.00
for certification	0.05	0.02
for tax related expenses	0.07	-

# Notes to Financial Statements (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Year ended	
	31 March 2015	31 March 2014
Repair and maintenance		
building	0.15	0.28
others	4.47	5.28
Electricity expenses	1.94	2.03
Directors sitting fees	0.44	0.36
Advances/receivable written off	47.52	-
Loss on sale of assets	-	0.03
Miscellaneous expenses	8.55	3.13
	<b>106.39</b>	<b>59.59</b>

## 21 Finance cost (net):

	Year ended	
	31 March 2015	31 March 2014
Interest expense	490.18	909.27
Other borrowing cost	15.88	19.35
	<b>506.06</b>	<b>928.62</b>
Less: Interest income	126.85	701.83
	<b>379.21</b>	<b>226.79</b>

## 22 Contingent liabilities and commitments :

### a) Contingent liabilities :

	Year ended	
	31 March 2015	31 March 2014
i) Bank guarantees and letter of credits outstanding	3,732.36	5,814.84
ii) Corporate guarantees outstanding	32,882.93	24,759.97

iii) Service tax department has issued demand order to the Company for payment of service tax amounting to Rs 505.64 (including penalty) relating to the disagreement on availment of Cenvat Credit for the period April 2008 to September 2010 and non -payment of service tax. Further, an amount of Rs. 26.88 ( 31 March 2014: Rs.25.88) has been paid against the demand under protest and the balance demand is stayed. However, the Company believes that the claims raised by the department are not tenable and the Company has filed an appeal against the said order before the CESTAT.

iv) The Company has received a net demand of Rs. 280.30 (31 March 2014 :Rs 280.30) (including interest) from income tax department for Assessment Year 2010-11 pursuant to disallowance of certain claims / expenses. Challenging the order, Company preferred an appeal before CIT (appeals). Further, an amount of Rs. 114.85 ( 31 March 2014: Rs. 114.85) has been paid against the demand under protest. During the current year, the CIT (Appeals) has disposed - off the appeal allowing majority of the claims made by the Company. Further the department has gone for appeal before the ITAT against the order passed by the CIT (Appeals). The Company is in process for submissions to defend the order of the CIT (Appeals).

**23 Expenditure in foreign currency on accrual basis**

	Year ended	
	31 March 2015	31 March 2014
Foreign travel	0.75	0.14
	<b>0.75</b>	<b>0.14</b>

**24 Earnings/(loss) per share (EPS)**

The Computation of EPS as per AS 20 is set out below:

	Year ended	
	31 March 2015	31 March 2014
Net profit/(loss) after tax	(58.67)	97.50
Less : Preference dividend and tax thereon	(45.29)	(93.47)
Net profit/(loss) attributable to shareholders for basic / diluted EPS	(103.96)	4.03
Weighted average number of shares outstanding for the purpose of calculation of basic and diluted EPS (in million)	405.42	372.63
Earnings/(loss) per share – basic/diluted (in Rs.)	(0.26)	0.01

**25 Related party Disclosures:****a) Parties where control exists**

Name of the party	Relationship
KSK Power Venture plc	Step-up holding company
KSK Energy Limited	Holding company
KSK Electricity Financing India Private Limited	Subsidiary company
J R Power Gen Private Limited	Subsidiary company
KSK Dibbin Hydro Power Private Limited	Subsidiary company
Kameng Dam Hydro Power Limited	Subsidiary company
KSK Narmada Power Company Private Limited	Subsidiary company
KSK Wind Energy Private Limited	Subsidiary company
KSK Vidarbha Power Company Private Limited	Subsidiary company
KSK Surya Photovoltaic Venture Limited	Subsidiary company
Sai Maithili Power Company Private Limited	Subsidiary company
KSK Wardha Infrastructure Private Limited	Subsidiary company
KSK Mahanadi Power Company Limited	Subsidiary company
KSK Upper Subansiri Hydro Energy Limited	Subsidiary company

# Notes to Financial Statements (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Name of the party	Relationship
KSK Dinchang Power Company Private Limited	Subsidiary company
KSK Jameri Hydro Power Private Limited	Subsidiary company
Tila karnali Hydro Electric Power Company Limited	Subsidiary company
Bheri Hydro Power Company Private Limited	Subsidiary company
Sai Regency Power Corporation Private Limited	Subsidiary company
VS Lignite Power Private Limited	Subsidiary company
Sai Wardha Power Limited	Subsidiary company
Sai Power pte Limited	Subsidiary company
Field Mining Ispats Limited	Subsidiary company
Arasmeta Captive Power Company Limited (formerly known as Arasmeta Captive Power Company Private Limited)	Subsidiary company

## b) Parties where significant influence exists and where the transactions have taken place during the year

Name of the party	Relationship
Sitapuram Power Limited	Joint venture
KSK Water Infrastructures Private Limited	Fellow subsidiary
KSK Mineral Resources Private Limited	Fellow subsidiary
KSK Energy Company Private Limited	Fellow subsidiary
Raigarh Champa Rail Infrastructure Private Limited	Fellow subsidiary
KSK Energy Resources Private Limited	Fellow subsidiary

## c) Key Management personnel

Name of the party	Relationship
Mr. S. Kishore	Whole-time Director
Mr. K. A. Sastry	Whole-time Director

**d. Particulars of related party transactions**

31 March 2015					
S.No	Particulars	Subsidiaries	Joint venture	Fellow subsidiaries	KMP
<b>I. Transactions</b>					
1.	Project development and corporate				
	Support fees	430.96	4.30	-	-
2	Interest Income	106.83	1.07	5.85	-
3	Sale of fixed assets	-	-	0.43	-
4	Loans and advance given/(repaid) (including advance for investments)	1,737.76	-	(10.10)	-
5	Loans/security deposits taken/(repaid)	-	230.00	(590.41)	-
6	Managerial remuneration	-	-	-	16.80
<b>II. Balances</b>					
1	Amount receivable	2,844.64	3.16	1.40	-
2	Amount Payable	1,825.58	230.00	-	-
3	Managerial remuneration payable	-	-	-	0.28

31 March 2014					
S.No	Particulars	Subsidiaries	Joint venture	Fellow subsidiaries	KMP
<b>I. Transactions</b>					
1.	Project development and corporate				
	Support fees	430.96	4.30	-	-
2	Interest Income	665.11	-	11.40	-
3	Interest expense	74.68	-	24.88	-
4	Sale of coal	107.53	-	-	-
5	Purchase of fixed assets	0.06	-	-	-
6	Loans and advance given / (repaid) (including advance for investments)	(7,156.01)	-	(168.23)	-
7	Loans/security deposits taken / (repaid)	(2,308.60)	-	481.72	-
8	Managerial remuneration	-	-	-	15.00
<b>II. Balances</b>					
1	Amount receivable	1,410.99	1.10	27.80	-
2	Amount Payable	1,851.64	-	603.15	-
3	Managerial remuneration payable	-	-	-	1.11



# Notes to Financial Statements (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## e) Disclosure of loans and advances to subsidiaries pursuant to Clause 32 of the listing agreement:

Particulars	Amount outstanding as at		Maximum outstanding during the year
	31 March 2015	31 March 2014	31 March 2015
<b>I Loans and advances in the nature of loans given to subsidiaries: * ^</b>			
<b>Subsidiaries</b>			
KSK Dibbin Hydro Power Private Limited	2.80	-	394.59
KSK Narmada Power Company Private Limited	16.65	16.65	16.65
KSK Vidarbha Power Company Private Limited	2.02	2.01	2.02
KSK Dinchang Power Company Private Limited	13.90	-	85.50
KSK Jameri Hydro Power Private Limited	8.40	-	13.50
Arasmeta Captive Power Company Limited (formerly known as Arasmeta Captive Power Company Private Limited)	2,513.20	12.00	3,180.90
Sai Wardha Power Limited	169.00	-	753.14
<b>Total</b>	<b>2,725.97</b>	<b>30.66</b>	
<b>II Loans and advances in the nature of loans where interest is not charged or charged below bank rate</b>			
KSK Dibbin Hydro Power Private Limited	2.80	-	394.59
KSK Narmada Power Company Private Limited	16.65	16.65	16.65
KSK Vidarbha Power Company Private Limited	2.02	2.01	2.02
KSK Dinchang Power Company Private Limited	13.90	-	85.50
KSK Jameri Hydro Power Private Limited	8.40	-	13.50
<b>Total</b>	<b>43.77</b>	<b>18.66</b>	

III Loans to employees as per Company's policy are not considered.

\* The above loans & advances to subsidiary fall under the category of loans & advances in the nature of loans where there is no repayment schedule and are repayable on demand.

^ Excludes interest accrued.

f) Equity held in subsidiaries and step down subsidiary have been disclosed under "Non current Investment", (see note no 12).

g) The Company has provided securities by way of pledge of investments for loans taken by subsidiaries ( see note no 12).

h) The holding company has pledged certain shares held in the Company as security towards the borrowings of the Company.

i) Corporate Guarantees of Rs. 44,195.06 (31 March 2014 Rs.36,957.67), Bank guarantees of Rs. 3,783.75 (31 March 2014 Rs.5,965.17) and Letter of credit limits of Rs. 1,766.66 (31 March 2014 Rs.1,684.01) has been given by the Company on behalf of subsidiaries and fellow subsidiaries.

j) Corporate Guarantees of Rs. 10,300.00 (31 March 2014 Rs.10,880.00) has been given by step-up holding Company on behalf of the Company.

26. The company is primarily engaged in the business of providing project development and corporate support services. Accordingly there are no reparable segment as per accounting standard 17 notified under the Companies (Accounting Standards) Rules, 2006.
27. In the opinion of board, any of the assets other than fixed assets and non-current investment have a value on realization in the ordinary course of business at least equal to the amount at which they are stated on the Balance Sheet.
28. Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

As per our report of even date

For **Umamaheswara Rao & Co.,**

Chartered Accountants

Firm Registration No: 004453S

for and on behalf of the Board

Sd/-

**S. Venugopal**

Partner

Membership No: 205565

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. A. Sastry**

Whole-time Director

DIN - 00006566

Sd/-

**V. Sambasiva Rao**

Chief Financial officer

Sd/-

**M. S. Phani Sekhar**

Company Secretary

Place: Hyderabad

Date: 30 May 2015

# Auditors' Report on Consolidated Financial Statements

To,

**The Members of KSK Energy Ventures Limited,**

## **Report on the Consolidated Financial Statements.**

We have audited the accompanying Consolidated financial statements of KSK Energy Ventures Limited ('the Company') and its Subsidiaries and Jointly controlled entity (collectively referred as 'the Group') comprising of the Consolidated Balance Sheet as at 31st March 2015, the consolidated statement of Profit and Loss, the Consolidated Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, hereinafter referred to as "the consolidated Financial Statements".

## **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the Consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls systems over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### Other Matters:

1. We did not audit the financial statements / financial information of 19 subsidiaries and one Jointly controlled entity, whose financial statements / financial information reflect total assets of Rs. 239,024 million as at 31st March, 2015, total revenues of Rs. 23,659 million and net cash out flows amounting to Rs. 103 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 2,485 million for the year ended 31st March, 2015, as considered in the consolidated financial statements, whose financial statements / financial information have not been audited by us.

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

2. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies and Jointly controlled entity, we give in the Annexure 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, to the extent applicable, that:
  - (a) 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 of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

# Auditors' Report on Consolidated Financial Statements

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled entity incorporated in India, none of the directors of the subsidiary companies and jointly controlled entity incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice - Refer Note 28 to the Financial Statements.
  - (ii) The Group did not have any material foreseeable losses on long term contracts including derivate contracts.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For **Umamaheswara Rao & Co.,**  
Chartered Accountants

Sd/-

**S. Venugopal**

Partner

Membership No. 205565

FRN 004453S

Place: Hyderabad

Date: 30 May 2015

# Annexure to Independent Auditors' Report

Referred to in paragraph Report on Other Legal and Regulatory Requirements in our Report of even date to the members of KSK Energy Ventures Limited, on the consolidated financial statements of the group for the year ended 31st March 2015:

Our report on the Order includes the three subsidiaries audited by us and sixteen subsidiaries and one Jointly controlled entity, to which the order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- i. (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) There is a fixed programme of Physical verification of its fixed assets which, in our opinion and the opinion of the respective auditors, is reasonable having regard to the size of the respective entities and the nature of the assets. According to the information and explanations given to us and as opined by the other auditors, no material discrepancies were noticed on such verification.
- ii. (a) The management of the respective entities has conducted physical verification of inventories at reasonable intervals.
- (b) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the procedures of physical verification of inventory followed by the management are reasonable and adequate having regard to the size of the respective entities and the nature of their business.
- (c) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and on the basis of our examination of the records, the respective entities are maintaining proper records of inventory and no material discrepancies were noticed on such physical verification of stocks as compared to book records.
- iii. In our opinion and the opinion of the other auditors some of the Group entities have granted unsecured loans from time to time to Companies covered in the register maintained under section 189 of the Companies Act, 2013.
  - (a) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest as stipulated.
  - (b) The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of the principal amount.
- iv. In our opinion and according to the information and explanations given to us in respect of the entities incorporated in India, there is an adequate internal control system commensurate with the size and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. No major weakness in the internal control system is observed during the course of the audit.
- v. The Group entities have 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. We and the Other auditors of the group entities have broadly reviewed the books of account maintained by respective entities to the extent applicable, pursuant to the rules made by the Central Government for maintenance of cost records under sub-section 1 of section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, detailed examination of the records is not made with a view to determining whether they are accurate or complete.
- vii. (a) According to the Information and explanations given to us and on the basis of examination of books of accounts, the respective entities are regular in depositing undisputed statutory dues including provident fund, , Employee's State Insurance, Income tax, Sales tax, Wealth tax, service tax, Custom duty, Excise duty, cess and other statutory dues with the appropriate authority and as at 31st March, 2015, no undisputed statutory dues were outstanding for more than six months from the date they became payable other than those furnished below:

Name of the Entity	Name of the Statue	Nature of Dues	Amount (Rs.)	Period for which the amount relates	Due Dates	Date of Payments
Arasmeta Captive Power Company Limited	Madhya Pradesh, Electricity Duty Act, 1995	Electricity Duty	9,52,54,403	Jan 2011 to Dec 2013	Various	Yet to be paid
Arasmeta Captive Power Company Limited	Madhya Pradesh, Electricity Duty Act, 1995	Electricity Duty	74,46,236	Sept 2013 to March 2014	Various	Yet to be paid
Arasmeta Captive Power Company Limited	Chattisgarh Sthanika Kshetra Me Mal Ke Pravesh Pe Kar Adhiniyam 1976	Entry Tax	70,21,355	April 2011 to Oct 2013	Various	Yet to be paid

# Annexure to Independent Auditors' Report

- (b) There were no dues in respect of sales tax, Income Tax wealth tax, customs duty, excise duty, Value Added Tax and cess that have not been deposited with the appropriate authorities on the account of any dispute as on 31st March 2015, other than those furnished below:

Name of the Entity	Name of the statute	Nature of dues	Amount (in Rs. Crores)	Period to which the amount relates	Forum where dispute is pending
KSK Energy Ventures Limited	Finance Act, 1994	Service Tax	50.2	April, 2008 to March, 2010	CESTAT
KSK Mahanadi Company Limited	Income Tax Act, 1961	Demand U/s.143(1)	0.87	A.Y.2011-12	Dy. Commissioner of Income Tax, Circle - 2(1),Hyderabad
Arasmeta Captive Power Company Limited	Customs Act, 1962	Customs Duty	3.13	FY 2010-11	Office of the Zonal Joint Director of Foreign Trade

- (c) According to the information and explanations given to us there were no amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.

- viii. In our opinion and according to the information and explanations given to us, the Group does not have accumulated losses as at 31st March 2015 and the Group have incurred cash losses during the current financial year and in the immediately preceding financial year.
- ix. In our opinion and in the opinion of the other auditors and according to the information and explanations given to us, there was no default in repayment of dues to any Financial Institution/Banks.
- x. In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interests of the respective entities.
- xi. In our opinion and the opinion of the other auditors, the term loans raised by the respective entities have been applied for the purpose for which they were raised.
- xii. Based on the audit procedures adopted and based on the information and explanations provided to us and based on the opinion of the auditors of the respective entities, we are of the opinion that, no fraud on or by the Group companies has been noticed or reported during the year.

For **Umamaheswara Rao & Co.,**  
Chartered Accountants

Sd/-

**S. Venugopal**

Partner

Membership No. 205565

FRN 004453S

Place: Hyderabad

Date: 30 May 2015

# Consolidated Balance Sheet as at 31 March 2015

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Note	As at	
		31 March 2015	31 March 2014
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	4	4,562.49	4,396.30
(b) Reserves and surplus	5	26,507.36	25,511.59
(c) Money received against share warrants	6	1,776.60	-
		32,846.45	29,907.89
<b>2 Minority interest</b>	7	6,091.64	6,810.13
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	8	158,492.30	117,080.40
(b) Deferred tax liabilities (net)	9	107.24	65.88
(c) Other long term liabilities	10	2,000.92	4,355.21
(d) Long-term provisions	12	36.88	23.61
		160,637.34	121,525.10
<b>4 Current liabilities</b>			
(a) Short-term borrowings	8	15,900.77	18,531.98
(b) Trade payables	11	5,254.84	5,243.76
(c) Other current liabilities	13	23,520.44	36,057.81
(d) Short-term provisions	12	360.63	175.03
		45,036.68	60,008.58
		<b>244,612.11</b>	<b>218,251.70</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	14		
(i) Tangible assets		137,354.08	76,960.81
(ii) Intangible assets		1,963.54	2,060.57
(iii) Capital work in progress		52,840.76	92,619.45
(iv) Intangible assets under development		33.31	3.79
(b) Non-current investments	15	215.81	215.81
(c) Deferred tax assets (net)	9	8,015.70	3,320.73
(d) Long-term loans and advances	16	6,606.54	8,064.46
(e) Other non-current assets	17	3,388.41	3,149.77
		210,418.15	186,395.39



# Consolidated Balance Sheet as at 31 March 2015 (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Note	As at	
		31 March 2015	31 March 2014
<b>2 Current assets</b>			
(a) Current investments	15	152.33	-
(b) Inventories	18	1,750.69	1,493.52
(c) Trade receivables	19	9,226.69	9,201.52
(d) Cash and bank balances	20	9,696.70	8,693.22
(e) Short-term loans and advances	16	9,088.71	10,497.27
(f) Other current assets	17	4,278.84	1,970.78
		34,193.96	31,856.31
		<b>244,612.11</b>	<b>218,251.70</b>

See accompanying notes to Consolidated financial statements

As per our report of even date

For **Umamaheswara Rao & Co.,**

Chartered Accountants

Firm Registration No: 004453S

for and on behalf of the Board

Sd/-

**S. Venugopal**

Partner

Membership No: 205565

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. A. Sastry**

Whole-time Director

DIN - 00006566

Sd/-

**V. Sambasiva Rao**

Chief Financial officer

Sd/-

**M. S. Phani Sekhar**

Company Secretary

Place: Hyderabad

Date: 30 May 2015

# Consolidated Statement of Profit and Loss for the year ended 31 March 2015

(All amounts in Indian Rupees million, except share data and where otherwise stated)

		Note	Year ended	
			31 March 2015	31 March 2014
I	Revenue from operations	21	23,804.34	21,118.01
II	Other income	22	423.70	1,365.52
III	Total revenue (I+II)		24,228.04	22,483.53
IV	Expenses			
	Cost of fuel consumed	23	12,930.53	11,978.78
	Manufacturing expenses	24	1,911.26	1,522.50
	Employee benefits expenses	25	618.87	463.42
	Other expenses	26	3,449.47	1,781.52
	Finance costs	27	10,449.73	7,216.12
	Depreciation and amortisation expenses	14	3,183.26	2,929.73
	Total expenses		32,543.12	25,892.07
V	Profit / (loss) before exceptional items and tax (III - IV)		(8,315.08)	(3,408.54)
VI	Exceptional items	37	(3.67)	-
VII	Profit / (loss) before tax (V - VI)		(8,318.75)	(3,408.54)
VIII	Tax expense / (income)			.
	Current tax			
	For the year		49.54	145.53
	In respect of earlier years		4.07	(0.85)
	Less : MAT credit entitlement		(23.50)	(101.02)
	Deferred tax		(4,653.61)	(1,571.27)
	Total tax expense / (income)		(4,623.50)	(1,527.61)
IX	Profit / (loss) for the year before minority interest (VII - VIII)		(3,695.25)	(1,880.93)
	Minority interest		(493.45)	(252.04)
	Profit / (loss) for the year after minority interest		(3,201.80)	(1,628.89)
X	Earnings / (loss) per share:			
	Basic and diluted -face value of Rs 10 per share (Rs.)		(8.01)	(4.62)

See accompanying notes to Consolidated financial statements

As per our report of even date

For **Umamaheswara Rao & Co.,**

Chartered Accountants

Firm Registration No: 004453S

for and on behalf of the Board

Sd/-

**S. Venugopal**

Partner

Membership No: 205565

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

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Whole-time Director

DIN - 00006566

Sd/-

**V. Sambasiva Rao**

Chief Financial officer

Sd/-

**M. S. Phani Sekhar**

Company Secretary

Place: Hyderabad

Date: 30 May 2015

# Consolidated Cash Flow Statement for the year ended 31 March 2015

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Particulars	31 March 2015	31 March 2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before tax	(8,318.75)	(3,408.54)
<b>Adjustments for</b>		
Depreciation and amortisation expenses	3,183.26	2,929.73
Finance cost	10,449.73	7,216.12
Interest income	(332.80)	(966.79)
Dividend income	(4.52)	(0.90)
(Profit) / loss on sale of assets, net	367.70	(26.14)
Profit on sale of investment	-	(0.12)
Bad debts / advances written off / provision for doubtful debts	1,694.37	21.17
Impairment of goodwill and fixed assets	148.01	-
Unrealised foreign exchange differences	20.41	29.73
Liability no longer required written back	(564.23)	(13.66)
<b>Operating profit before working capital changes</b>	<b>6,643.18</b>	<b>5,780.60</b>
<b>Adjustments for working capital</b>		
Inventories	(257.17)	17.19
Trade receivables	(278.16)	(3,604.44)
Loan and advances	(502.69)	(2,558.69)
Other assets	(158.47)	(356.57)
Trade payables	87.77	2,874.74
Other liabilities and provisions	(264.31)	111.42
<b>Cash generated from operations</b>	<b>5,270.15</b>	<b>2,264.25</b>
Income tax paid	(216.78)	(335.36)
<b>Net cash from operating activities</b>	<b>5,053.37</b>	<b>1,928.89</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital work-in-progress and capital advances	(13,673.42)	(12,028.95)
Sale of fixed assets	51.80	41.49
Cash flow on sale of wind mills undertaking	-	51.49
Refund/ advance received against sale of assets, net	(708.00)	708.00
Acquisition of minority interest	(369.95)	-
Acquisition of subsidiaries, net	(344.86)	-
(Purchase) / sale of current investments, net	(152.33)	172.18
(Investment) / redemption of bank deposit (having original maturity more than three months)	111.46	394.31
(Investment) / redemption of bank deposit (held as margin money or security against guarantees or borrowings)	(476.93)	6,884.76
Loans and advances to related party - given / repaid, net	(52.76)	(555.56)
Inter corporate deposit - refund	20.00	265.00
Interest received	836.78	2,014.07
Dividend received	18.04	97.75
<b>Net cash used in investing activity</b>	<b>(14,740.17)</b>	<b>(1,955.46)</b>

Particulars	31 March 2015	31 March 2014
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue, net of share issue expenses	4,824.05	-
Redemption of preference share capital	(411.26)	(387.86)
Money received against share warrants	1,776.60	-
Proceeds from share issue and application money in subsidiary	153.14	2,212.08
Repayment of share application money in subsidiary	(877.40)	(30.00)
Payment of dividend and dividend tax	(57.72)	(93.60)
Proceeds from long term borrowings	45,637.24	42,316.60
Repayment of long term borrowings	(16,915.50)	(31,879.67)
Proceeds from / (repayment of) short term borrowings, net	(2,662.50)	4,061.93
Proceed from / (repayment of) other liabilities	692.31	-
Payment of finance costs	(21,980.28)	(15,884.90)
<b>Net cash from financing activities</b>	<b>10,178.68</b>	<b>314.58</b>
Net increase / (decrease) in cash and cash equivalents	491.88	288.01
Effect of exchange rate changes	(3.74)	0.95
Cash and cash equivalents at the beginning of the year	1,729.79	1,440.83
<b>Cash and cash equivalents at the end of the year</b>	<b>2,217.93</b>	<b>1,729.79</b>

## Notes

	As at	
	31 March 2015	31 March 2014
1 Cash and cash equivalents includes:		
Cash in hand	3.47	3.57
Balances with banks:		
On current account	2,214.46	1,719.02
On deposit account	-	7.20
	<b>2,217.93</b>	<b>1,729.79</b>

2 Previous year figures have been regrouped / reclassified to conform to the classification of the current year.

As per our report of even date

For **Umamaheswara Rao & Co.,**

for and on behalf of the Board

Chartered Accountants

Firm Registration No: 004453S

Sd/-

Sd/-

Sd/-

Sd/-

Sd/-

**S. Venugopal**

**S. Kishore**

**K. A. Sastry**

**V. Sambasiva Rao**

**M. S. Phani Sekhar**

Partner

Whole-time Director

Whole-time Director

Chief Financial officer

Company Secretary

Membership No: 205565

DIN - 00006627

DIN - 00006566

Place: Hyderabad

Date: 30 May 2015

# Notes to Consolidated Financial Statement

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 1 Corporate Information

KSK Energy Ventures Limited ("KSKEVL" or the "Company"), its subsidiaries and joint ventures (collectively referred to as 'the Group') are primarily engaged in the development, ownership, operation and maintenance of private sector power projects.

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

## 2 Significant Accounting Policies

### 2.1 Accounting convention

The Consolidated Financial Statements of KSK Energy Ventures Limited and its Subsidiaries and Joint Ventures ("the Group" or "the Company") have been prepared and presented under the historical cost convention on the accrual basis in accordance with Indian Generally Accepted Accounting Principles (GAAP). GAAP comprises Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India.

### 2.2 Use of estimates

The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure relating to contingent liabilities on the date of Consolidated Financial Statements and reported amounts of income and expenditure for the period. Actual results could differ from these estimates. Examples of such estimates include provision for doubtful debt, future obligation under employee retirement benefit plan, income taxes, useful life of fixed assets, etc. Any revision to accounting estimates is recognised prospectively in the current and future periods.

### 2.3 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The method of determining the costs of various categories of inventories are as follows:

Fuel	Weighted average
Stores, spares and consumables	First-in-first-out

### 2.4 Cash flow statement

Cash flow statement is reported using the indirect method, where by the net profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated and presented separately.

### 2.5 Revenue recognition

Revenue in the form of project development fees for services rendered in relation to development work of potential power projects is recognized when such fees is assured and determinable under the terms of the respective contract.

Corporate Support Service income is recognized when such income is assured and determinable under the terms of the respective contract.

Consultancy income is recognized in proportion with the degree of completion of contract.

Dividend income is recognized when the unconditional right to receive the income is established.

Interest is recognized using the time proportionate method, based on the underlying interest rates.

Sale of energy is recognized on accrual basis in accordance with the relevant agreements.

Insurance claims are accounted based on certainty of realization.

Revenue from sale of scrap and fly ash is accounted for as and when sold.

## 2.6 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition. Cost of acquisition is inclusive of freight, duties, levies and all incidentals directly or indirectly attributable to bringing the asset to its working condition for its intended use. Cost of fixed assets includes cost of initial warranty / insurance spares purchased along with the capital asset, which are grouped as single item under respective assets.

Machinery spares of the nature of capital spares are capitalized at the time of their purchase whether procured at the time of purchase of the fixed asset concerned or subsequently. Where such spares are replaced, the carrying cost of the worn out spares are written off. The total cost of such capital spares is allocated on a systematic basis over a period not exceeding the useful life of the principal item.

Depreciation is computed based on the useful life of the assets as prescribed in schedule II of the Companies Act 2013, except for plant and machinery used in generation and distribution of power where the useful life is determined as 25 years based on internal technical assessment. Depreciation is calculated using straight line method. Depreciation is calculated on a pro-rata basis from the date of installation / capitalization till the date the assets are sold or disposed.

Depreciation on initial / warranty spares are provided on the same rates applicable for that asset group, irrespective of its actual usage.

Intangible assets, viz., computer software is recognized as per the criteria specified in the Accounting Standard (AS) 26 "Intangible Assets" notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006 and is amortized over a period of three years.

Leasehold improvements are amortized over the lease period.

## 2.7 Capital work in progress

The cost of fixed assets not ready for their intended use before such date is disclosed under capital work in progress.

Capital work in progress is carried at cost and incidental and attributable expenses including interest and depreciation on fixed assets in use during construction are carried as part of "expenditure during construction period, pending allocation" to be allocated on major assets on commissioning of the project.

In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as capital work in progress.

Claims for price variation / exchange variation in case of contracts are accounted for on acceptance.

## 2.8 Foreign currency transaction

Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.

At the Balance Sheet date, foreign currency monetary items are reported using the closing / contracted rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

Exchange differences arising on account of long-term foreign currency monetary items related to the acquisition/construction of fixed assets are capitalised and depreciated over the remaining useful life of the asset.

Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.

The premium or discount on forward exchange contract and currency options are amortised and recognised as an expense / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. Any gain / loss arising on forward contracts which are long-term foreign currency monetary items is recognised in accordance with above paragraphs.

All other exchange differences are recognised as income or as expenses in the period in which they arise.

## 2.9 Derivative Contracts

The Group enters into derivative contracts in the nature of foreign currency options, interest rate swaps and forward contracts with an intention to hedge its existing assets and liabilities. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions. All other derivative contracts are marked-to market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

## 2.10 Investments

Long-term investments, other than investments in associates, are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long-term investments. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

## 2.11 Employee retirement benefits

### Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution scheme. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee salary. The contribution made by the Company is charged to the Statement of Profit and Loss.

### Gratuity

In accordance to the Payment of Gratuity Act, 1972, the Group provides for the gratuity, a defined benefit retirement plan ("the gratuity plan") covering the eligible employees. The gratuity plan provides for a lump sum payment to the vested employees at retirement, death, incapacitation or termination of the employment, of an amount based on the respective employee salary and the tenure of the employment within the Group.

Liabilities with regard to the gratuity plan are determined by independent actuary. The Group makes annual contribution to employee's group gratuity scheme administered by trustees and managed by Life Insurance Corporation of India.

The Group recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, "Employee Benefits".

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss.

## 2.12 Borrowing cost

Borrowing costs include interest on borrowings and amortisation of ancillary cost incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

## 2.13 Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and

disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Lease that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

#### **2.14 Earnings per share**

Basic earnings per share are computed by dividing the net profit or loss after tax attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, net profit or loss after tax attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

#### **2.15 Taxes on income**

Income tax expense/ (income) comprises of current tax, deferred tax and Minimum Alternative Tax (MAT) credit.

##### **Current tax**

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

##### **Deferred tax**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

The break-up of the deferred tax assets and liabilities as at the Balance Sheet date has been arrived at after setting-off deferred tax assets and liabilities where the Company has legally enforceable right and an intention to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

##### **MAT credit**

MAT credit is recognized as an asset only when, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

#### **2.16 Impairment of assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable



# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## 2.17 Provisions and contingencies

The Company recognizes a provision when there is a present obligation as a result of past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

## 3 Basis of accounting

The Consolidated Financial Statements relate to KSK Energy Ventures Limited, its Subsidiaries, Associates and interest in Joint Ventures.

### 3.1 Basis of accounting

The financial statements of the Subsidiary / Associates / Joint Venture Companies in the consolidation are drawn up to the same reporting date as that of the Company.

The Consolidated Financial Statements have been prepared in accordance with Accounting Standards (AS) 21 "Consolidated Financial Statements", (AS) 23 "Accounting for Investments in Associates" and (AS) 27 "Financial Reporting of Interest in Joint Ventures", notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006.

### 3.2 Principles of consolidation

The Consolidated Financial Statements have been prepared as per the following principles:

The financial statements of the Company and its Subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions and unrealized profits or losses.

The Consolidated Financial Statements include the interest of the Company in Joint Ventures, which has been accounted for using the proportionate consolidation method of accounting whereby the Company's share of each of assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line item.

Preference share capital in Joint Venture entities and share application money in subsidiaries held by the outsiders, shown separately together with minority interest under note 7 to Balance Sheet.

The Group accounts for investments by the equity method of accounting where it is able to exercise significant influence over the operating and financial policies of the investee. Inter company profits and losses have been proportionately eliminated until realized by the investor or investee.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except as otherwise stated in the notes to the accounts.

The difference between the cost of investment in the Subsidiary / Joint Venture and the share of net assets at the time of acquisition of shares is identified in the financial statements as goodwill or capital reserve as the case may be.

Minority interests share of profit of consolidated subsidiaries is identified and adjusted against income of the group in order to arrive at the surplus attributable to the shareholders of the Company.

### 3.3 Particulars of Subsidiaries and Joint Ventures:

(% of Shareholding)

S. No.	Name of the Company	Country of incorporation	31 March 2015	31 March 2014
<b>Subsidiary Companies</b>				
1	KSK Narmada Power Company Private Limited	India	100	100
2	KSK Wind Energy Private Limited	India	100	100
3	KSK Vidarbha Power Company Private Limited	India	100	100
4	KSK Wardha Infrastructure Private Limited	India	100	100
5	KSK Dibbin Hydro Power Private Limited (Refer note a)	India	81.01	100
6	Kameng Dam Hydro Power Limited	India	100	100
7	Arasmeta Captive Power Company Limited (formerly Arasmeta Captive Power Company Private Limited) (Refer note b)	India	100	51
8	KSK Electricity Financing India Private Limited	India	100	100
9	VS Lignite Power Private Limited (Refer note c)	India	83.75	74
10	Sai Regency Power Corporation Private Limited	India	73.92	73.92
11	Sai Wardha Power Limited	India	83.93	83.93
12	KSK Mahanadi Power Company Limited (Refer note d)	India	87.35	84.67
13	J R Power Gen Private Limited	India	99.87	51
14	KSK Upper Subansiri Hydro Energy Limited	India	100	100
15	KSK Jameri Hydro Power Private Limited	India	100	100
16	KSK Dinchang Power Company Private Limited	India	100	100
17	Field Mining and Ispats Limited	India	84.98	84.98
18	KSK Surya Photovoltaic Venture Limited (Refer note e)	India	93.23	-
19	Sai Maithili Power Company Private Limited (Refer note e)	India	76	52
20	Tila Karnali Hydro Electric Company Private Limited	Nepal	80	80
21	Bheri Hydro Power Company Private Limited	Nepal	90	90
22	Sai Power Pte LTD	Singapore	100	100
<b>Joint Venture Company</b>				
23	Sitapuram Power Limited	India	49	49

a During the year KSK Dibbin Hydro Power Private Limited ("KDHPPL") has issued 15,280,000 equity shares of face value of Rs.10 each to North Eastern Electric Power Corporation Limited (NEEPCO) pursuant to share holder agreement entered into between KSK Energy ventures Limited and NEEPCO. It has resulted in dilution of 18.99% group stake in KDHPPL

b During the year, KSK Electricity Financing India Private Limited ("KEFIPL") has acquired additionally 36,995,000 equity shares of Rs. 10 each (being 49% stake) in Arasmeta Captive Power Company Limited ("ACPCL") from minority shareholder pursuant to settlement agreement. Consequently ACPCL has become 100% subsidiary of the group.

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

- c During the year, KSK Electricity Financing India Private Limited ( "KEFIPL") has additionally invested in 60,000,000 equity shares of Rs. 10 each in VS Lignite Power Private Limited ("VSLP") pursuant to right issue made by VSLP. Consequently group share in VSLP has increased from 74% to 83.75%.
- d During the year, Group has additionally invested in 536,600,000 equity shares of Rs. 10 each in KSK Mahanadi Power Company Limited ("KMPCL"). Consequently group share in KMPCL has increased from 84.67% to 87.35%.
- e During the year, Company has acquired 34,544,718 equity shares of Rs. 10 each (being 93.23 % stake) in KSK Surya Photovoltaic Venture Limited ("KSPVL") for an aggregate consideration of Rs. 345.45 million. Consequently KSPVL has become subsidiary of the Company, since KSPVL holding 24% stake in Sai Maithili Power Company Private Limited the Group share in Sai Maithili Power Company Private Limited increased to 76% .

## 4 Share capital

	As at	
	31 March 2015	31 March 2014
<b>Authorised</b>		
4,000,000,000 (31 March 2014: 4,000,000,000) equity shares of Rs. 10/- each	40,000.00	40,000.00
1,031,500,000 (31 March 2014: 1,031,500,000) preference shares of Rs.10/- each	10,315.00	10,315.00
	<b>50,315.00</b>	<b>50,315.00</b>
<b>Issued, subscribed and paid up</b>		
422,249,194 (31 March 2014: 372,630,454) equity shares of Rs.10/- each fully paid up.	4,222.49	3,726.30
34,000,000 (31 March 2014: 67,000,000) 8% Compulsorily redeemable preference shares of Rs. 10/- each fully paid up (refer note a)	340.00	670.00
	<b>4,562.49</b>	<b>4,396.30</b>

- a Above preference shares are redeemable at premium by 30 September 2015.
- b The company has only one class of equity shares having a par value of Rs 10/- per share. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their hareholding at the meeting of shareholders.

### c Equity Shares held by holding company and its subsidiaries

Particulars	As at	
	31 March 2015	31 March 2014
<b>Holding company</b>		
No of shares held	191,150,109	191,222,031
% of shares held	45.27%	51.32%
<b>Subsidiaries of holding company</b>		
No of shares held	97,225,346	88,010,646
% of shares held	23.03%	23.62%

**d Particulars of the shareholders holding more than 5% of the shares**

Name of the shareholder	As at	
	31 March 2015	31 March 2014
<b>Equity shares fully paid up</b>		
KSK Energy Limited		
No of shares held	191,150,109	191,222,031
% of shares held	45.27%	51.32%
KSK Energy Company Private Limited		
No of shares held	79,345,007	79,345,007
% of shares held	18.79%	21.29%
HDFC Trustee Company Limited		
No of shares held	21,253,116	-
% of shares held	5.03%	-
<b>8% Compulsorily redeemable preference shares fully paid up</b>		
L & T Infrastructure Finance Company Limited		
No of shares held	34,000,000	67,000,000
% of shares held	100.00%	100.00%

**e Reconciliation of number of shares outstanding**

Particulars	As at	
	31 March 2015	31 March 2014
<b>Equity shares (in million)</b>		
Outstanding at the beginning of the year	372.63	372.63
Issued to qualified institutional buyers (Refer note 4f)	40.40	-
Conversion of warrants issued to promotor group (Refer note 6)	9.21	-
Outstanding at the end of the year	<b>422.24</b>	<b>372.63</b>
<b>8% Compulsorily redeemable preference shares (in million)</b>		
Outstanding at the beginning of the year	67.00	100.00
Redeemed during the year	33.00	33.00
Outstanding at the end of the year	<b>34.00</b>	<b>67.00</b>

f During the year, the Company has raised an amount of Rs 4,000 by issuing 40,404,040 equity shares of Rs 10/- each at a premium of Rs 89/- to Qualified Institutional Buyers ("QIBs") through qualified institutions placement. The Company has raised the funds for investment in subsidiaries and Joint ventures, for meeting its capital expenditure and working capital requirement and for general corporate purpose.

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 5 Reserves and Surplus

	As at	
	31 March 2015	31 March 2014
<b>Capital Redemption reserve</b>		
Opening balance	330.00	-
Add: Transferred from surplus	330.00	330.00
	<b>660.00</b>	<b>330.00</b>
<b>Securities premium</b>		
Opening balance	18,682.04	18,739.90
Add: On allotment of shares	4,416.07	-
Less: Share issue expenses	88.21	-
Less: Premium on redemption of preference shares	81.26	57.86
	<b>22,928.64</b>	<b>18,682.04</b>
<b>Foreign currency translation reserve</b>		
Opening balance	(0.66)	(1.61)
Add: Movement during the year	(3.74)	0.95
	<b>(4.40)</b>	<b>(0.66)</b>
<b>Surplus</b>		
Opening balance	6,500.21	8,552.57
Add: (Loss) / profit for the year	(3,201.80)	(1,628.89)
Amount available for appropriations	<b>3,298.41</b>	<b>6,923.68</b>
<b>Appropriation's</b>		
Transfer to capital redemption reserve	330.00	330.00
Preference dividend	38.13	79.78
Dividend distribution tax	7.16	13.69
	<b>375.29</b>	<b>423.47</b>
<b>Balance</b>	<b>2,923.12</b>	<b>6,500.21</b>
	<b>26,507.36</b>	<b>25,511.59</b>

## 6 Money received against share warrants

During the year, the Company has issued 80,808,080 Warrants of face value of Rs. 10 each to KSK Power Holdings Limited ("KPHL") with an option to apply for and be allotted equivalent number of equity shares of the face value of Rs 10/- each at a premium of Rs 89/- each on a preferential basis. Pursuant to the same, during September 2014, Company has received an amount of Rs 2,006.97 from KPHL towards initial subscription amount (being 25% of total amount). During the March 2015, pursuant to the exercise of option attached to these warrants, the company has received an aggregate amount of Rs.681.88 as consideration towards issue and allotment of 9,214,700 equity shares of face value of Rs 10/- each (being balance 75% of the issue price of Rs.99 per equity share). The Company has utilized the entire proceeds of the preferential issue towards meeting its capital expenditure / working capital requirements in accordance with the objects of the said issue.

## 7 Minority Interest

	As at	
	31 March 2015	31 March 2014
Minority interest	6,055.97	6,774.80
Preference share capital in JV entities held by others	35.20	35.20
Share application money in subsidiaries held by others	0.47	0.13
	<b>6,091.64</b>	<b>6,810.13</b>

## 8 Borrowings

	As at	
	31 March 2015	31 March 2014
<b>Long-term borrowings *</b>		
<i>Secured</i>		
Debentures	2,490.00	640.00
Term loans		
Rupee loans from banks	84,945.95	64,837.29
Rupee loans from others	45,879.78	30,466.86
Foreign currency loans	20,526.93	20,696.25
<i>Unsecured</i>		
Debentures	1,398.40	210.00
Foreign currency loans	3,133.94	-
Deferred payment liabilities	117.30	230.00
	<b>158,492.30</b>	<b>117,080.40</b>
<b>Short-term borrowings</b>		
<i>Secured</i>		
Loans repayable on demand		
From banks	5,342.06	4,742.75
Foreign currency loans	2,601.95	2,405.31
Loans against letters of credit	2,483.14	4,748.00
Loan against deposit	3,266.20	3,877.05
<i>Unsecured</i>		
Loans repayable on demand		
From related parties	7.32	1,490.79
From others	499.60	761.58
Loan against deposit	1,700.50	506.50
	<b>15,900.77</b>	<b>18,531.98</b>
	<b>174,393.07</b>	<b>135,612.38</b>

\* Out of the above, Rupee term loans and foreign currency loans amounting to Rs 4,633.94 is guaranteed by KSK Power Ventur plc., the stepup holding company.

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## **a Details of security provided for various credit facilities**

### **KSK Energy Ventures Limited**

Rupee term loans from banks and others are secured by first pari-passu charge on fixed assets, current assets and corporate guarantee of KSK Power Venture plc, and KSK Wind Energy Private Limited. It is also secured by first pari-passu charge by way of mortgage/hypothecation of all movable and immovable properties of Arasmeta Captive Power Company Limited and KSK Surya Photovoltaic Venture Limited.

### **Sai Wardha Power Limited**

Rupee term loans from banks and others and long term foreign currency loans are secured by first charge pari-passu by way of mortgage on the Company's immovable properties and hypothecation of whole of the movable properties, both present and future. Pledge of certain equity shares of the Company held by KSK Electricity Financing India Private Limited. Corporate guarantee by KSK Energy Ventures Limited.

Loan repayable on demand are secured by first pari-passu charge on all fixed and current assets of the Company (existing and future) along with the other member banks/ financial institutions.

Foreign currency loans and loans against letter of credit are secured by subservient charges on the entire movable fixed and current assets of the company and secured by letter of credit facility sanctioned to KSK Energy Ventures Limited.

### **Sitapuram Power Limited**

Rupee term loan from bank is secured by first charge on all immovable and movable assets including current assets, both present and future. Pledge of certain equity and preference shares of the company held by KSK Electricity Financing India Private Limited.

Loans repayable on demand are secured by first charge on entire block of current assets excluding receivables.

### **VS Lignite Power Private Limited**

Rupee term loans from banks and others are secured by first charge pari-passu by way of mortgage on all the company's immovable properties and hypothecation of whole of the movable properties both present and future. Pledge of certain equity and preference shares of the company held by KSK Electricity Financing India Private Limited. Corporate guarantee given by KSK Energy Ventures Limited

Loans repayable on demand are secured by pari-passu first charge on fixed assets and current assets along with term lenders.

Debentures are secured by way of mortgage of company's land and pledge of certain equity shares of VS Lignite Power Private Limited, KSK Mineral Resources Private Limited and Sai Wardha Power Limited

### **Arasmeta Captive Power Company Limited**

Loans repayable on demand are secured by hypothecation of all present, future current assets including revenues, receivables, Escrow account. Pledge of certain shares of the company held by KSK Electricity Financing India Private Limited and Corporate Guarantee given by KSK Energy Ventures Limited.

### **KSK Mahanadi Power Company Limited**

Rupee term loans, foreign currency loans and loans against letter of credit and cash credit are secured by first charge over all movable properties, intangible assets and other assets (including assignment of rights, titles, interests, benefits, claims etc.) of the company both present and future. Further guaranteed by pledge of certain equity shares of the company held by KSK Energy Ventures Limited.

Rupee sub debt loans are secured by second charge over all movable properties, intangible assets and other assets (including assignment of rights, titles, interests, benefits, claims etc.) of the company both present and future. Further guaranteed by pledge of certain equity shares of the company held by KSK Energy Ventures Limited.

Loan repayable on demand are secured pari-passu charge on all fixed and current assets of the company.

**Sai Regency Power Corporation Private Limited**

Rupee term loans from banks are secured by pari-passu charge by way of mortgage on all company's fixed assets (all movables, immovable and intangibles) and current assets of the company including equitable mortgage over Land & building . Assignment of entire PPA receivables. Pledge of certain equity shares of the company held by KSK Electricity Financing India Private Limited.

Loans repayable on demand are secured by first pari-passu charge on the entire current assets of the company.

**Sai Maithili Power Company Private Limited**

Rupee term loan from banks are secured by way of mortgage on all the Company's immovable properties including land and hypothecation of whole of the movable fixed assets and current assets both present and future. Pledge of shares of certain equity shares of the Company. Corporate guarantee of KSK Energy Ventures Limited and VS Lignite Power Private Limited

**KSK Electricity Financing India Private Limited**

Debentures are secured by way of mortgage of land and pledge of certain equity shares of KSK Energy Ventures Limited and KSK Mahanadi Power Company Limited. Corporate Guarantee of KSK Energy Ventures Limited

b Loan against deposits are secured by pledge of deposits.

**c Repayment terms of long-term borrowings**

S No	Name of the Company	Amount outstanding included in		Repayment terms
		Long term borrowings	Other current liability	
Debentures				
1	VS Lignite Power Private Limited	640.00	-	The debentures are repayable in structured annual repayments with the last instalment payable by Mar 2025. The debenture carries an internal rate of return of 15% p.a
2	KSK Electricity Financing India Private Limited	1,850.00	-	The debentures are repayable equally in Aug 2021 and Aug 2022. The debenture carries an internal rate of return of 17% p.a
3	KSK Electricity Financing India Private Limited	1,115.40	-	The debentures are repayable / optionally convertible into equity shares of Rs 10 /- each within ten years. The coupon rate of interest is 0.00% p.a.
4	KSK Wind Energy Private Limited	210.00	-	The debentures are optionally convertible into equity shares of Rs 10 /- each after five years and redeemable at the end of ten years from the date of allotment. The coupon rate of interest is 0.01% p.a.
5	KSK Surya Photovoltaic Venture Limited	73.00	-	The debentures are repayable / optionally convertible into equity shares of Rs 10 /- each within ten years. The coupon rate of interest is 0.00% p.a.



# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## c Repayment terms of long-term borrowings (continued..)

S No	Name of the Company	Amount outstanding included in		Repayment terms
		Long term borrowings	Other current liability	
Term loan				
1	KSK Energy Ventures Limited	3,378.78	1,856.65	The long term Rupee loans are repayable in quarterly / half yearly instalments with the last instalment of respective loans are payable from Apr 2015 to Aug 2024 The long term borrowings carries an weighted average rate of interest of 14.40 % p.a
2	Sai Wardha Power Limited	3,456.99	665.99	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from Jun 2020 to Jan 2022. These loans carry a weighted average interest rate of 13.58% p.a.
3	Sitapuram Power Limited	377.30	67.38	The long term Rupee loan is repayable in quarterly instalments with the last instalment of the loan is payable by Mar 2023. This loan carries a weighted average interest rate of 12.70% p.a
4	VS Lignite Power Private Limited	3,871.82	540.67	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from Nov 2020 to May 2024. These loans carry a weighted average interest rate of 14.09% p.a.
5	Sai Regency Power Corporation Private Limited	2,757.57	440.63	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable by Jun 2024. These loans carry a weighted average interest rate of 12.50% p.a.
6	KSK Mahanadi Power Company Limited	116,910.64	-	The long term Rupee loans are repayable in quarterly instalments with the first instalment of respective loans payable starting from July 2016. These loans carry a weighted average interest rate of 14.62% p.a.
7	Sai Maithili Power Company Private Limited	72.63	50.40	The long term Rupee loan is repayable by Nov 2025, in quarterly instalments. The long term borrowings carries an weighted average rate of interest of 14.25% p.a
Foreign currency loans				
1	Sai Wardha Power Limited	15,669.70	-	The long term foreign currency loans are repayable half yearly instalments beginning from November 2018 with the last instalment payable by Aug 2021. The long term foreign currency loans carry a weighted average interest rate of 6.01% p.a.
2	Sai Wardha Power Limited	1,253.58	940.18	The long term foreign currency loan are repayable from June 2014 to January 2017. The long term foreign currency loans carry a weighted average interest rate of 3.57% p.a.
3	KSK Mahanadi Power Company Limited	3,133.94	-	The foreign currency loans is repayable in quarterly instalments with the last instalment of the loan is payable by Jun 2028. The weighted average interest rate is around 4.62%. p.a
4	KSK Mahanadi Power Company Limited	3,603.65	-	The foreign currency loans are repayable with an option to roll

S No	Name of the Company	Amount outstanding included in		Repayment terms
		Long term borrowings	Other current liability	
				over upto five years from the initial date of availment and the weighted average interest rate is around 0.97%. p.a
Deferred payment liabilities:				
1	KSK Energy Ventures Limited	117.30	-	Deferred payment liability are repayable in Mar 2023.

## 9 Deferred tax liability / (assets)

	As at	
	31 March 2015	31 March 2014
Deferred tax liability on account of depreciation	6,010.26	2,129.85
Deferred tax (asset) on account of carry forward of losses	(14,044.62)	(5,497.82)
Deferred tax liabilities/(asset) on expenses allowed/disallowed	125.90	113.12
Deferred tax (assets), net as at the end of the year	<b>(7,908.46)</b>	<b>(3,254.85)</b>

Certain group companies are entitled to avail exemption under section 80IA of the Income Tax Act, 1961 from income tax on profits of business. Based on the assessment of the Company, deferred tax as on 31 March 2015 has been recognized only to the extent the timing differences arising in the current period which does not get reversed within the tax holiday period.

## 10 Other long term liabilities

	As at	
	31 March 2015	31 March 2014
Creditor for capital goods (including retention money)	1,982.59	2,938.77
Security deposit from customers	18.33	131.53
Other liabilities	-	1,284.91
	<b>2,000.92</b>	<b>4,355.21</b>

## 11 Trade payable

	As at	
	31 March 2015	31 March 2014
Dues to other than micro and small enterprises	5,254.84	5,243.76
	<b>5,254.84</b>	<b>5,243.76</b>

The Company has not received any information from suppliers or service providers, whether they are covered under the "The Micro Small and Medium Enterprises Development Act, 2006". Disclosure relating to amount unpaid at the year end together with interest payable, if any, as required under the said Act are not ascertainable.

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 12 Provisions

	As at	
	31 March 2015	31 March 2014
<b>Long-term provisions</b>		
For employee benefits (refer note a)	36.88	23.61
	<b>36.88</b>	<b>23.61</b>
<b>Short-term provisions</b>		
For dividend and tax thereon	6.80	19.23
For taxation (net of advance tax) (refer note b)	55.26	93.24
Interest rate swaps	298.57	62.56
	<b>360.63</b>	<b>175.03</b>
	<b>397.51</b>	<b>198.64</b>

- a Employee benefit plans : 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 AS 15 (Revised)

### Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	As at	
	31 March 2015	31 March 2014
<b>Benefit obligation at the beginning of the year</b>	<b>69.65</b>	<b>92.16</b>
Business combination	0.83	-
Interest cost	5.81	7.26
Current Service cost	28.57	23.49
Benefits paid	(6.00)	(4.18)
Actuarial (gain) / loss	(5.86)	(49.08)
<b>Benefit obligation at the end of the year</b>	<b>93.00</b>	<b>69.65</b>

### Change in the fair value of assets

	As at	
	31 March 2015	31 March 2014
<b>Fair value of plan assets at the beginning of the year</b>	<b>49.51</b>	<b>44.15</b>
Business combination	0.77	-
Expected return on plan assets	4.82	3.92
Contributions	14.12	5.55
Benefits paid	(6.00)	(4.18)
Actuarial gains/(loss)	0.10	0.07
<b>Fair value of plan assets at the end of the year</b>	<b>63.32</b>	<b>49.51</b>

## Experience history

	Year ended				
	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
<b>Actuarial (gain) / losses</b>	<b>(5.95)</b>	<b>(49.15)</b>	<b>(30.69)</b>	<b>(18.48)</b>	<b>(12.74)</b>
<b>Experience adjustment</b>					
On account of change in assumption	11.21	(44.23)	(0.92)	2.27	(1.36)
On account of change in experience	(17.06)	(4.85)	(29.56)	(20.57)	(11.62)
On plan assets	(0.10)	(0.07)	(0.21)	(0.18)	0.24

## Amount recognised in the statement of Profit and Loss

	Year ended	
	31 March 2015	31 March 2014
Current service cost	28.57	23.49
Interest cost	5.81	7.26
Expected return on plan assets	(4.82)	(3.92)
Net actuarial (gain) / loss recognised in the year	(5.95)	(49.15)
<b>Amount included in personnel expense / other income</b>	<b>23.61</b>	<b>(22.32)</b>

## Amount recognised in the Balance Sheet

	As at	
	31 March 2015	31 March 2014
<b>Present value of funded obligations at the end of the year</b>	<b>93.00</b>	<b>69.65</b>
Fair value on plan assets at the end of the year	63.32	49.51
Funded status	(29.68)	(20.14)
<b>Net (liability) / asset recognised in the Balance Sheet</b>	<b>(29.68)</b>	<b>(20.14)</b>

## Asset information

Category of Assets	As at	
	31 March 2015	31 March 2014
Insurer managed funds	100%	100%

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## Summary of actuarial assumptions

	Year ended	
	31 March 2015	31 March 2014
Discount rate	7.77%	8.75%
Salary escalation	10.00%	10.00%
Attrition rate	15.00%	15.00%
Expected return on plan assets	9.00%	8.75%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities 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.

- b Income taxes :** Certain Group company's income from sale of electrical energy is exempt from tax under section 80 IA of the Income Tax Act, 1961. Provision for current tax for the year in these companies represents tax payable on account of MAT under section 115JB of the Income Tax Act, 1961 on the book profit.

## 13 Other current liabilities

	As at	
	31 March 2015	31 March 2014
Current maturities of long-term debt	4,561.90	15,732.26
Interest accrued but not due on borrowings	976.10	719.64
Interest accrued and due on borrowings	3,038.29	2,748.55
Security deposit from customers	12.01	37.58
Salary and bonus payable	69.44	146.89
Share application money in subsidiary held by others	32.40	2,063.20
Creditor for capital goods (including retention money)	11,123.38	13,236.71
Forward cover payable	2,380.40	57.71
Derivative liabilities	56.59	26.14
Statutory liabilities	395.10	398.61
Advance received against sale of assets	-	708.00
Other liabilities	874.83	182.52
	<b>23,520.44</b>	<b>36,057.81</b>

(continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 14 Fixed Assets

[illegible]

\* Adjustments figures represents changes on account of exchange rate and price variation.

\*\*\* Pursuant to the Companies Act 2013 (the 'Act'), being effective from 1st April 2014, the Company has provided depreciation based on useful life specified in Part 'C' of Schedule II of the Act except for plant and machinery used in generation and distribution of power where the useful life is determined as 25 years based on technical assessment. As a result of this change, the depreciation charge for the year ended 31 March 2015 is lower by Rs. 1,033.79. Further, in accordance with the transitional provision provided in note 7(b) of schedule II of the Act, an amount of Rs. 27.09 has been charged as depreciation in respect of assets wherein the useful remaining useful life of assets is NIL.

\*\*\* Addition and deletion in goodwill is on account of acquisition of further stake in various subsidiaries and impairment in one of subsidiary (refer note 3.3 and note 37)

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 15 Investments

	As at	
	31 March 2015	31 March 2014
<b>Non-current investments</b>		
<b>Trade investment</b>		
<b>Investment in equity instruments</b>		
<i>(quoted, fully paid up)</i>		
364,418 (31 March 2014: 364,418) equity shares of Rs. 10/- each in Thiru Arooran Sugars Limited	55.81	55.81
<i>(unquoted, fully paid up )</i>		
3,636,363 (31 March 2014: 3,636,363) equity shares of Rs. 10/- each in Terra Energy Limited	160.00	160.00
	<b>215.81</b>	<b>215.81</b>
<b>Current investments</b>		
<b>Other investment</b>		
<b>Investment in mutual fund</b>		
<i>(quoted, fully paid up)</i>		
110,466.973 @ Rs. 1,000.6866/- (31 March 2014: Nil) units in IDFC Cash Fund - Daily Dividend -(Direct plan)	110.54	-
41,723.333 @ Rs.1,001.5187/- (31 March 2014: Nil) units in TATA Money Market Fund Direct Plan -Daily Dividend	41.79	-
	<b>152.33</b>	-
	<b>368.14</b>	<b>215.81</b>

Aggregate value of quoted investment as at 31 March 2015: Rs 208.14 (31 March 2014: Rs 55.81) aggregate market value Rs. 161.59 (31 March 2014: Rs. 24.42)

Aggregate value of unquoted investment as at 31 March 2015: Rs. 160.00 (31 March 2014: Rs. 160.00)

**16 Loans and advances**

	As at	
	31 March 2015	31 March 2014
<b>Long-term loans and advances</b>		
<i>Secured, considered good</i>		
Capital advances	1,516.34	1,431.53
<i>Unsecured, considered good</i>		
Capital advances	3,945.30	4,008.67
Security deposits	161.84	1,143.89
Prepaid expenses	107.80	118.78
Advance for investment related parties	-	611.60
Others	79.61	79.61
Advance tax and TDS receivable (net of provision for tax)	795.65	670.38
	<b>6,606.54</b>	<b>8,064.46</b>
<b>Short-term loans and advances</b>		
<i>Unsecured, considered good</i>		
Inter corporate deposit related parties	859.07	866.71
Others	254.10	514.01
Advance for supplies / expenses	1,786.79	523.20
Prepaid expenses	383.82	384.56
Other receivables related parties	170.00	15.97
Others	803.11	2,443.18
Security deposit related parties	2,928.38	4,202.03
Others	1,903.44	1,547.61
<i>Unsecured, doubtful</i>		
Other receivables	-	134.54
Less: Provision for doubtful advances	-	(134.54)
	<b>9,088.71</b>	<b>10,497.27</b>
	<b>15,695.25</b>	<b>18,561.73</b>



# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 17 Other assets

	As at	
	31 March 2015	31 March 2014
<b>Other non-current assets</b>		
<i>Unsecured, considered good</i>		
Long term trade receivables	230.00	230.00
Mat credit entitlement	570.05	546.55
Balances with banks;		
Deposits held as margin money or security against guarantees or borrowings	507.71	657.58
Interest accrued on deposits and advances	54.03	34.75
Unammortised portion of ancillary cost of arranging the borrowings	553.35	505.22
Derivative asset	1,473.27	1,175.67
	<b>3,388.41</b>	<b>3,149.77</b>
<b>Other current assets</b>		
<i>Unsecured, considered good</i>		
Interest accrued on deposits and advances	448.46	675.17
Unbilled revenue	39.30	27.03
Balances with statutory authorities	1,336.14	1,135.47
Unammortised portion of ancillary cost of arranging the borrowings	101.46	78.64
Forward cover receivable	2,330.62	53.77
Deferred premium on forward contract	22.86	0.70
	<b>4,278.84</b>	<b>1,970.78</b>
	<b>7,667.25</b>	<b>5,120.55</b>

## 18 Inventories

	As at	
	31 March 2015	31 March 2014
<i>(At lower of cost or net realisable value)</i>		
Fuel		
Coal	406.41	188.68
Coal - in - transit	188.45	211.91
Lignite	13.23	12.46
Lime Stone	1.03	2.02
Stores and spares	1,102.59	1,072.67
Stores and spares-in-transit	38.98	5.78
	<b>1,750.69</b>	<b>1,493.52</b>

**19 Trade receivables**

	As at	
	31 March 2015	31 March 2014
<i>Secured, considered good</i>		
Debts outstanding for a period exceeding six months	497.39	812.04
Other debts	197.86	3,925.56
<i>Unsecured, considered good</i>		
Debts outstanding for a period exceeding six months	2,472.53	2,689.61
Other debts	6,058.91	1,774.31
<i>Unsecured, considered doubtful</i>		
Debts outstanding for a period exceeding six months	-	88.80
Provision for doubtful debts	-	(88.80)
	<b>9,226.69</b>	<b>9,201.52</b>

**20 Cash and bank balances**

	As at	
	31 March 2015	31 March 2014
<b>Cash and cash equivalents</b>		
Cash on hand	3.47	3.57
Balances with banks;		
On current account	2,214.46	1,719.02
On deposit account	-	7.20
	<b>2,217.93</b>	<b>1,729.79</b>
<b>Other bank balances</b>		
Deposits with bank held as margin money or security against guarantees or borrowings	7,477.24	6,850.44
Deposit having maturity of more than three months	1.53	112.99
	<b>7,478.77</b>	<b>6,963.43</b>
	<b>9,696.70</b>	<b>8,693.22</b>

**21 Revenue from operations**

	Year ended	
	31 March 2015	31 March 2014
Sale of electricity	23,719.16	20,993.40
Project development fees	67.46	67.46
Corporate support service fees	2.19	46.69
Other operating income	15.53	10.46
	<b>23,804.34</b>	<b>21,118.01</b>

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 22 Other Income

	Year ended	
	31 March 2015	31 March 2014
Interest income	332.80	966.79
Dividend income	4.52	0.90
Net gain on sale of current investments	-	0.12
Profit on sale of fixed assets, net	-	26.14
Insurance claim received	8.44	353.49
Miscellaneous income	77.94	18.08
	<b>423.70</b>	<b>1,365.52</b>

## 23 Cost of fuel consumed

	Year ended	
	31 March 2015	31 March 2014
Coal	10,879.52	9,885.47
Lignite	819.23	802.14
Natural gas	1,075.22	1,098.97
Others	156.56	192.20
	<b>12,930.53</b>	<b>11,978.78</b>

## 24 Manufacturing expenses

	Year ended	
	31 March 2015	31 March 2014
Consumption of stores and spares	224.92	292.22
Operation and maintenance expenses	1,103.85	827.52
Cost of import power	129.14	96.90
Raw water charges	405.74	280.48
Repairs and maintenance - plant and equipment	47.61	25.38
	<b>1,911.26</b>	<b>1,522.50</b>

**25 Employee benefit expenses**

	Year ended	
	31 March 2015	31 March 2014
Salaries, wages and bonus	561.71	436.91
Contribution to provident and other funds	27.86	5.85
Staff welfare expenses	29.30	20.66
	<b>618.87</b>	<b>463.42</b>

**26 Other expenses**

	Year ended	
	31 March 2015	31 March 2014
Rent	38.66	32.81
Rates and taxes	23.98	21.97
Travel and conveyance	60.18	42.77
Insurance charges	121.16	99.23
Legal and professional charges	167.10	164.64
Generation, transmission and selling expenses	861.31	895.42
Remuneration to auditors	7.03	6.78
Repairs and maintenance		
building	6.46	3.65
others	123.23	73.37
Bad debts / receivables written off	1,694.37	21.17
Freight outward	110.26	127.89
Foreign exchange loss, net	39.51	160.22
Loss on sale of fixed assets	17.30	-
Miscellaneous expenses	178.92	131.60
	<b>3,449.47</b>	<b>1,781.52</b>

**27 Finance costs**

	Year ended	
	31 March 2015	31 March 2014
Interest expense	9,076.81	6,107.77
Other borrowing cost	786.37	773.84
Derivative premium	350.54	271.95
Loss on derivatives / swap contracts	236.01	62.56
	<b>10,449.73</b>	<b>7,216.12</b>

The borrowing cost attributable to the acquisition or construction of fixed assets amounting to Rs.12,319.14 (31 March 2014: Rs. 10,970.01) has been capitalised.

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 28 Contingent liabilities and Commitments

### a Contingent liabilities

		As at	
		31 March 2015	31 March 2014
(i)	Bank guarantees outstanding	9.41	11.41
(ii)	Corporate guarantees outstanding	8,423.52	9,195.51
(iii)	Claims against the Group not acknowledged as debt Rs. 479.68 (31 March 2014: Rs.593.30).		
(iv)	The Group has received claims for Rs. 652.87 (2014: Rs. 652.87) from Joint Director General of Foreign Trade (DGFT) towards the recovery of the duty drawbacks, earlier refunded. The Group had earlier made claims for the refund of the duties paid on the machinery and other items purchased for the construction of the power projects under the scheme of deemed export benefit, which were accepted and refunds were granted. The communications from the DGFT regarding the recovery of the duties paid are based on the interpretations by the Policy Interpretation Committee held on 15 March 2011. The Group contends that the above change in interpretation requires an amendment to the foreign trade policy to be legally enforceable in law. Since, no such amendment can be made with retrospective effect, the Group believes that outcome of the above dispute would be in favour of the Group and there would be no material impact on the financial statements.		
(v)	The Company has received a net demand of Rs. 280.30 (2014 :Rs 280.30) (including interest) from income tax department for Assessment Year 2010-11 pursuant to disallowance of certain claims / expenses. Challenging the order, Company preferred an appeal before CIT (appeals). Further, an amount of Rs. 114.85 ( 2014 :Rs 114.85) has been paid against the demand under protest. During the current year, the CIT (Appeals) has disposed off the appeal allowing majority of the claims made by the Company against which the department has preferred an appeal before the ITAT. The Company is in process of submitting necessary replies before ITAT.		
(vi)	Service tax department has issued demand order to the Company for payment of service tax amounting to Rs 505.64 (including penalty) (2014: Rs 505.64) relating to the disagreement on availment of Cenvat Credit for the period April 2008 to September 2010 and non -payment of service tax. Further, an amount of Rs. 26.88 (2014: Rs 25.88) has been paid against the demand and the balance demand is stayed. However, the Company believes that the claims raised by the department are not tenable and the Company has filed an appeal against the said order before the CESTAT.		
(vii)	Sai Wardha Power Limited (SWPL) filed a claim against Maharashtra State Electricity Distribution Company Limited (MSEDCL) towards recovery of the amount withheld against supply of energy under Power Purchase Agreement (including penalty on such amount) amounting to Rs. 729.32 (2014: Rs. 729.32). The facility required for generation of an agreed quantum of power was not ready as per an agreed schedule on account of unexpected factors beyond the control of the Group, the Group proposed to MSEDCL an arrangement to secure the energy from alternate supplies for the short quantity required to meet the obligation under the power purchase agreement. MSEDCL accepted the proposal and also confirmed that the energy supplied from alternate sources will also be subject to the tariff agreed under the power purchase agreement. However, after initial payments for the period April 2010 to June 2010, starting July 2010 to October 2010, MSEDCL did not settle the entire dues billed and the certain amounts were withheld without any explanation. The Group contended before Maharashtra Electricity Regulatory Commission (MERC) that since the energy supplied and billed was as per the terms agreed and the similar bills of earlier months were paid by MSEDCL, there is no cause to withhold the payments. However, MERC has dismissed the petition. The group has filed an appeal before Appellate Tribunal for Electricity (APTEL) against the order of MERC and APTEL also rejected the appeal. The Group has filed an appeal before Honourable Supreme Court of India. Pending adjudication, the Group believes that the final outcome of the above dispute would be in favour of the Group and there would be no material impact on the financial statements.		
(viii)	Other current assets include an amount of Rs. 1,306.85 (2014: Rs. 1,113.99) relating to Central Excise, VAT and Service Tax receivable from the respective departments by SWPL. The SWPL is registered as SEZ unit. A unit in SEZ is allowed to import goods (purchase from local market is also treated as import) without payment of Duty for the purpose of its authorised operations. The exemption from the payment of duties and taxes are provided under Section 26 of the SEZ Act, 2005. In respect of Service Tax, the Group has already		

received a refund for the period from January 2013 to June 2013 and a favourable order from Central Excise & Service Tax Appellate Tribunal (CESTAT) for the period March 2009 to June 2009 and claims for remaining period is pending before CESTAT. Thus the Group is confident of receiving refund for the remaining period as well. In respect of VAT claims the Group has already received a refund for the financial year 2007-08 to 2010-11 and the Group is confident to receive the refund for the remaining years as well. However, the excise duty refund claims were rejected by the department stating that there are no provision of refund under the SEZ Act to the Group and the refund, if any, can be permissible to WCL, the supplier of coal. However the Group has obtained a legal opinion from a reputed tax consultant stating that the refund can be processed to the Group since the Group has born the duty burden and accordingly the Group is very confident that the entire amount is receivable.

- (ix) SWPL has lodged a claim under the Coal Supply Agreement relating to quality and price on Western Coalfields Limited (WCL), the coal supplier, which was rejected by the latter. Aggrieved by the same, the Group has filed petition with Competition Commission of India (CCI), relating to abuse of dominant position by WCL and Coal India Limited (CIL). The abuse relates to pricing of coal under the fuel supply agreement and supply of lower quality coal. Having found prima facie case of abuse by WCL and CIL, the Commission, on 22 January 2014, ordered an investigation of the case by the Director General. Subsequently, the Director General conducted a detailed investigation based on facts submitted by both parties and submitted a report on 28 July 2014. Based on findings of the Director General, Honourable Commission has passed an order on 27 October 2014 in favour of the Group as far as price claim is concerned whereas for the quality claim, the Commission has referred to its earlier order dated 13 January 2014, of similar case which is presently pending at Competition Appellate Tribunal (COMPAT). WCL has preferred an appeal against the order of the CCI before the COMPAT wherein hearing is presently underway. The Group has filed a total claim of Rs. 9,080.00 with COMPAT under provision 53N of The Competition Act, 2002. The Group is also in advance stage of discussion with WCL for working out an arrangement including the past claim. Also, current discussions with the fuel supplier indicate the pass back of the coal recompense over the coal supplies during the balance period of the agreement. Pending settlement/ adjudication, though the Group believes that the final outcome of the above matter would be in favour of the Group, on prudent basis the Group has written off the earlier claim recognised of Rs. 1,504.49 in the books of account. Further adjustment if any, in the financial statement will be carried out depending upon the final outcome of the above matter.
- (x) SWPL had certain claims and receivables amounting to Rs. 923.25 from its customer namely Reliance Infrastructure Limited (RIL) relating to capacity charges and change in law which were disputed. During the year, both the parties have mutually settled the claim and the Group has received an amount of Rs. 950.00 pursuant to the settlement against all the outstanding claims.
- (xi) The captive customers of the SWPL has deducted from the sales invoices and paid an amount of Rs. 600.18 and Rs. 535.08 towards Cross Subsidy Surcharge (CSS) levied by MSEDCL for the financial year 2012-13 and 2013-14 respectively before ascertaining the captive status of the plant at the end of financial year which was against the express provisions of the Electricity Act, 2003 read with the Electricity Rules, 2005. This arbitrary act of MSEDCL was challenged before the MERC. MERC in its order clarified that the CSS can be imposed only at the end of financial year after ascertaining the captive status of the plant. For the financial year 2013-14, despite MERC order, MSEDCL has not refunded the amount collected as CSS. The Group has approached Honourable Bombay High Court, Nagpur Bench through writ of mandamus directing MSEDCL to refund the CSS collected. Honourable High Court vide order dated 27 March 2015 directed MSEDCL to refund the amount and subsequently, MSEDCL has refunded the amount in the month of May 2015. In respect of financial year 2012-13, MERC asked SWPL to pay CSS on ground of non-fulfilment of criteria of 51% supply to captive users as per Rule 3 of the Electricity Rules, 2005. Aggrieved by the said order of the MERC, the Group has filed an appeal before the APTEL on the ground that the non-fulfilment of captive criteria by the Group was attributed to the delay caused by MSEDCL in granting open access to captive customers. Pending adjudication of the same, the Group believes that there is a good chance of succeeding before the APTEL and hence no adjustment has been made in the financial statements.
- (xii) KSK Mahanadi Power Company Limited (KMPL) has levied capacity charges and transmission charges to Andhra Pradesh (AP) and Telangana Discoms for the period from 16 June 2013 to 13 August 2013 amounting to Rs. 873.40 (2014: Rs. 873.40), on account of delayed fulfilment of obligation under the PPA. AP & Telangana Discoms have rejected those claims and made the counter claim of Rs. 236 (2014: Rs. 236) for failure to furnish advance final written notice of commencement of supply of power as per article 4.1.2 of PPA. The Group has preferred an appeal before APERC & TSERC for refund of amount collected by Discoms by encashment of bank guarantee. The Group's contention is that since the Discoms have failed to fulfil the obligation as per PPA, there is default on part of Discoms and

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

the counter claim by Discoms is merely to negate the effect of KMPCL claim of capacity charges. Pending adjudication of the case, the Group believes that there is a good chance of succeeding before the regulatory commissions and hence no adjustment has been made in the financial statements.

- (xiii) KMPCL has levied claim for change in law on Andhra Pradesh and Telangana Discoms amounting to Rs. 5,898.62 (2014: Rs. 2,495.00) as per Article 10 of the PPA which was rejected by the later. Aggrieved by the same the Group has preferred an appeal before Andhra Pradesh Electricity Regulatory Commission (APERC) and Telangana State Electricity Regulatory Commission (TSERC) respectively contending that subsequent to execution of the PPA, the Government of India by Presidential Directive amended the coal policy. As per the coal policy existing prior to 17 July 2013, there was no restriction or provision with regard to the nature of the PPA's to be entered into by persons to whom tapering linkages were granted. However, the Presidential Directive restricted the supply of coal to tapering linkages only when there is a long term PPA. Further, the presidential directive, directs Coal India Limited to enter Fuel Supply Agreement (FSA) for domestic coal of 65% of Annual Contracted Quantity only for the power plants having normal coal linkages and meet the balance FSA obligation by imported coal on a cost plus basis. Accordingly the Group has recognised only Rs. 2,064.51 (2014: Rs. 873.00) out of the total claim of Rs. 5,898.62 (2014: Rs. 2,495.00) in books of accounts on a conservative basis. However, pending outcome of the case, the Group is confident the entire amount claimed is fully recoverable.
- (xiv) VS Lignite Power Private Limited (VSLPPL) has receivables of Rs. 515.36 from its consumers representing taxes including royalty, cess on clean energy, taxes on input fuel as well as double adjustments for the security deposit, transmission and SLDC charges and take or pay obligation which are disputed by the consumers. The Group has an amount of Rs. 250.70 access from such customers as redeemable capital available for necessary setoffs. Further, the Group contends that not only it has fulfilled the contractually guaranteed supplies but also the amounts claimed are as per the terms of the power purchase agreements. Aggrieved by the order of Arbitrator and civil court, the Group has preferred an appeal in Honourable High Court of Jodhpur. Pending outcome of the same, the Group believes that the final determination of the above dispute would be in favour of the Group and there would be no material impact on the financial statements.

## b Estimated amount of contracts remaining to be executed on capital account and not provided for in the Company, its Subsidiaries and Joint Ventures:

	As at	
	31 March 2015	31 March 2014
Estimated value of contracts remaining to be executed on capital account not provided for	65,349.53	59,098.00

## 29 Jointly Controlled Entities

Proportionate consolidation of interests

The Company has a 49% interest in Sitapuram Power Limited, a Joint Venture (JV) in India. Sitapuram Power Limited ("the Company") was incorporated on 18 July 2005 and is engaged in the business of generation of electricity. The Company was set up as a special purpose entity by Zuari Cement Limited and KSK Energy Ventures Limited to build and operate a 43 MW captive power plant in Sitapuram to cater to the power requirements of Zuari Cement Limited.

The Group has, in accordance with AS 27 "Financial Reporting of Interest in Joint Ventures" issued by the ICAI, accounted for its 49% interest in the JV by the proportionate consolidation method. Thus the Group's Income Statement, Balance Sheet and Cash Flow Statement incorporate the Group's share of income, expenses, assets, liabilities and cash flows of the JV on a line-by-line basis.

The aggregate amount of the assets, liabilities, income and expenses related to the Group's share in the JV included in these financial statements, as at and for the year ended 31 March 2015 are given below

[illegible]



# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

	Year ended	
	31 March 2015	31 March 2014
<b>Income</b>		
Revenue from operations	849.84	812.45
Other Income	5.91	4.27
<b>Expenses</b>		
Cost of fuel consumed	600.23	552.61
Manufacturing expenses	44.48	42.50
Employee benefits expenses	12.16	11.30
Other expenses	106.30	27.48
Finance costs	70.12	75.13
Depreciation and amortisation expenses	32.18	45.49
<b>Profit / (loss) before tax</b>	<b>(9.72)</b>	<b>62.21</b>
Provision for tax		
Current tax		
For the year	(2.13)	13.38
In respect of earlier year	-	(0.05)
Less : MAT credit entitlement	2.52	(13.40)
Deferred tax	14.79	11.02
<b>Profit / (loss) after tax</b>	<b>(24.90)</b>	<b>51.26</b>

## 30 Operating Leases

The Consolidated entities have entered in to certain operating lease agreements. An amount of Rs. 55.93 (31 March 2014: Rs. 59.79) paid under such agreements has been disclosed as "Rent" under other expenses in the Consolidated Profit and Loss statement and expenditure during construction period, pending allocation.

## 31 Earnings / (loss) per share (EPS)

The computation of EPS as per AS 20 is set out below

	Year ended	
	31 March 2015	31 March 2014
Net profit / (loss) after tax and minority interest	(3,201.80)	(1,628.89)
Less: Preference dividend and tax thereon	45.29	93.47
Net profit attributable to shareholders - for basic / diluted EPS	(3,247.09)	(1,722.36)
Weighted average number of shares outstanding for the purpose of calculation of basic and diluted EPS (in million)	405.42	372.63
Earnings per share – basic / diluted (in Rs.)	<b>(8.01)</b>	<b>(4.62)</b>

**32 Derivative Instruments and Unhedged foreign currency exposure****Derivative contracts entered and outstanding**

Particulars	Purpose	As at	
		31 March 2015	31 March 2014
Currency option	Hedge of foreign currency loans	Rs. 9,956.53	Rs. 9,509.24
		US \$ 158.85	US \$ 158.85
Interest rate swaps	Hedge against exposure to variable interest outflow on loans	Rs. 7,709.49	Rs. 9,757.67
		US \$ 123.00	US \$ 163.00
Forward contract	Hedge of foreign currency loans	Rs. 2,330.62	Rs. 53.77
		US \$ 37.18	US \$ 0.90

**Particulars of Unhedged foreign Currency Exposure**

Particulars	As at	
	31 March 2015	31 March 2014
Loans	Rs. 13,357.01	Rs. 24,297.54
	US \$ 213.10	US \$ 405.89
Loans	-	Rs. 90.45
	-	Euro 1.10
Interest on loans	Rs. 354.95	Rs. 398.30
	US \$ 5.66	US \$ 6.65
Interest on loans	-	Rs. 0.74
	-	Euro 0.01
Import creditors (including retention money)	Rs. 16,196.37	Rs. 20,908.10
	US \$ 258.40	US \$ 349.26
Receivable	Rs. 293.79	Rs. 677.47
	US \$ 4.69	US \$ 11.32
Payable	Rs. 1.00	-
	US \$ 0.02	-
Premium payable	Rs. 56.59	Rs. 26.14
	US \$ 0.90	US \$ 0.44
Cash with Bank	Rs. 0.61	Rs. 1.32
	CNY 0.06	CNY 0.14
Cash with Bank	Rs. 0.51	Rs. 1.43
	US \$ 0.01	US \$ 0.02

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 33 Segment Reporting

The Segment report of the Group has been prepared in accordance with the Accounting Standard 17 "Segment Reporting". There is only one reportable geographical segment as per Accounting Standard 17. For the purpose of reporting business segments, the Group is engaged in two segments, viz., Project development and power generation.

31 March 2015	Project development activities	Power generating activities	Reconciling/ Elimination activities	Total
Revenue	435.26	23,734.69	(365.61)	23,804.34
Segment Result	280.42	1,478.05	-	1,758.47
Unallocated income (net)				372.51
Finance costs				(10,449.73)
<b>Loss before tax</b>				<b>(8,318.75)</b>
Tax income				4,623.50
<b>Loss for the year</b>				<b>(3,695.25)</b>
Segment assets	661.97	225,098.91	(109.17)	225,651.71
Unallocated assets				18,960.41
<b>Total assets</b>				<b>244,612.12</b>
Segment liabilities	55.01	24,289.46	(109.17)	24,235.30
Unallocated liabilities				181,406.32
<b>Total liabilities</b>				<b>205,641.62</b>
<b>Other segment information</b>				
Depreciation / amortisation	30.74	3,152.52	-	3,183.26
Capital expenditure	8.59	24,829.75	-	24,838.34

31 March 2014	Project development activities	Power generating activities	Reconciling/ Elimination activities	Total
Revenue	479.76	21,003.86	(365.61)	21,118.01
Segment Result	325.39	2,116.67	-	2,442.06
Unallocated income (net)				1,365.52
Finance costs				(7,216.12)
<b>Loss before tax</b>				<b>(3,408.54)</b>
Tax income				1,527.61
<b>Loss for the year</b>				<b>(1,880.93)</b>
Segment assets	798.87	205,388.27	(171.49)	206,015.65
Unallocated assets				12,236.05
<b>Total assets</b>				<b>218,251.70</b>
Segment liabilities	46.92	26,979.00	(171.49)	26,854.43
Unallocated liabilities				152,616.05
<b>Total liabilities</b>				<b>179,470.48</b>
<b>Other segment information</b>				
Depreciation / amortisation	14.43	2,915.30	-	2,929.73
Capital expenditure	2.82	16,665.94	-	16,668.76

**34 Related party disclosure****a Parties where control exists**

S No.	Name of the party	Relationship
1	KSK Power Ventur plc	Step up holding company
2	KSK Energy Limited	Holding company

(For detail list of subsidiaries see note 3.3)

**b Parties where significant influence exists and where the transactions have taken place during the year**

S No.	Name of the party	Relationship
1	KSK Energy Company Private Limited	Fellow subsidiary
2	Raigarh Champa Rail Infrastructure Private Limited	Fellow subsidiary
3	KSK Mineral Resources Private Limited	Fellow subsidiary
4	KSK Water Infrastructures Private Limited.	Fellow subsidiary
5	KSK Wind Energy Halagali Benchi Private Limited	Fellow subsidiary
6	KSK Wind Energy Mothalli Haveri Private Limited	Fellow subsidiary
7	KSK Wind Power Aminabhavi Chikodi Private Limited	Fellow subsidiary
8	KSK Wind Power Sankonahatti Athni Private Limited	Fellow subsidiary
9	KSK Wind Energy Nandgaon Athni Private Limited	Fellow subsidiary
10	KSK Wind Energy Madurai Ms Puram Private Limited	Fellow subsidiary
11	KSK Wind Energy Tirupur Elayamuthur Private Limited	Fellow subsidiary
12	KSK Wind Energy Tuticorin Rajapudukudi Private Limited	Fellow subsidiary
13	Marudhar Mining Private Limited	Fellow subsidiary
14	SN Nirman Infra Projects Private Limited	Fellow subsidiary
15	KSK Energy Resources Private Limited	Fellow subsidiary
16	Sitapuram Power Limited	Joint Venture

**c Key Management Personnel and relatives**

S No.	Name of the party	Relationship
1	S. Kishore	Whole-time Director
2	K. A. Sastry	Whole-time Director

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## d Related party transactions

Particulars	31 March 2015		
	Joint venture	Subsidiaries / fellow subsidiaries	KMP
<b>Transactions</b>			
Project development and corporate support fees	2.19	67.46	-
Interest income	0.55	48.96	-
Interest expense	-	66.55	-
Fuel and water charges	-	1,038.87	-
Share application money / loans accepted / (repaid)	117.30	(2,799.51)	-
Loans and advances given / (repaid) (including advance for investments)	-	(587.75)	-
Managerial remuneration	-	-	16.80
<b>Balances at the year end</b>			
Amount receivable	1.61	6,501.96	-
Amount payable	208.35	113.94	-
Debentures outstanding	-	1,115.40	-
Managerial remuneration payable	-	-	0.28

Particulars	31 March 2014		
	Joint venture	Subsidiaries / fellow subsidiaries	KMP
<b>Transactions</b>			
Project development and corporate support fees	2.19	67.46	-
Interest income	-	736.81	-
Interest expense	0.59	119.23	-
Fuel and water charges	-	1,142.03	-
Sale of assets	-	137.52	-
Share application money / loans accepted / (repaid)	91.05	3,433.91	-
Loans and advances given / (repaid) (including advance for investments)	-	995.01	-
Managerial remuneration	-	-	15.00
<b>Balances at the year end</b>			
Amount receivable	0.56	5,810.92	-
Amount payable	91.58	2,488.05	-
Share application money in subsidiary	-	1,870.80	-
Managerial remuneration payable	-	-	1.10

e The Group has given corporate guarantees of Rs.17,278.00 (31 March 2014: Rs.17,297.40) and bank guarantees of Rs. 9.41 (31 March 2014: Rs. 11.41) on behalf of fellow subsidiaries.

f The Group has obtained corporate guarantees of Rs.19,267.88 (31 March 2014: Rs. 13,580.00) from step-up holding company.

### 35 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) in the prescribed Form AOC-1 relating to subsidiary companies)

Part "A": Subsidiaries

Sl. No	Name of the Subsidiary Company	Reporting period	Reporting currency	Exchange Rate as at 31 March 2015	Share capital	Reserves & surplus	Total assets	Total Liabilities (Excluding share capital and reserves)	Investments	Turnover	Profit / (loss) before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
1	Sai Wardha Power Limited	31-Mar-15	Indian Rupee	1	8,293.30	(4,425.17)	36,183.84	32,315.71	420.00	5,570.44	(5,059.55)	434.79	(5,494.34)	-	83.93%
2	Field Mining and Ispats Limited	31-Mar-15	Indian Rupee	1	2.00	-	57.50	55.50	-	-	-	-	-	-	84.98%
3	VS Lignite Power Private Limited	31-Mar-15	Indian Rupee	1	2,835.70	516.31	9,484.79	6,132.77	157.61	2,334.83	(292.12)	(159.61)	(132.51)	-	83.75%
4	Sai Matihili Power Company Private Limited	31-Mar-15	Indian Rupee	1	43.30	256.25	1,050.25	750.69	-	128.79	5.43	24.35	(18.92)	-	76%
5	KSK Electricity Financing India Private Limited	31-Mar-15	Indian Rupee	1	5,701.15	(365.86)	12,972.48	7,637.18	12,911.14	-	(363.49)	(0.40)	(363.09)	-	100%
6	Arasmata Captive Power Company Limited	31-Mar-15	Indian Rupee	1	755.00	(181.79)	4,373.30	3,800.09	-	1,082.88	137.39	8.50	128.88	-	100%
7	Sai Regency Power Corporation Private Limited	31-Mar-15	Indian Rupee	1	214.80	3,473.87	7,615.62	3,926.94	3,741.20	2,102.41	(116.67)	19.12	(135.79)	-	73.92%
8	KSK Mahanadi Power Company Limited	31-Mar-15	Indian Rupee	1	30,648.13	2,782.55	179,038.43	145,607.75	116.01	12,506.46	(1,737.59)	(4,895.93)	3,158.34	-	87.35%
9	Sai Power Pte LTD (USD)	31-Mar-15	USD	1	0.10	(1.19)	24.51	25.60	-	-	(0.69)	-	(0.69)	-	100%
10	Sai Power Pte LTD (INR)	31-Mar-15	Indian Rupee	62.6788	5.46	(73.97)	1,535.95	1,604.46	-	-	(42.22)	-	(42.22)	-	100%
11	KSK Wind Energy Private Limited	31-Mar-15	Indian Rupee	1	49.10	6.08	493.16	437.98	445.41	-	(25.54)	5.03	(30.57)	-	100%

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 35 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures (continued..)

Sl. No	Name of the Subsidiary Company	Reporting period	Reporting currency	Exchange Rate as at 31 March 2015	Share capital	Reserves & surplus	Total assets	Total Liabilities (Excluding share capital and reserves)	Investments	Turnover	Profit / (loss) before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
12	Kameng Dam Hydro Power Limited	31-Mar-15	Indian Rupee	1	0.50	-	1,319.37	1,318.87	-	-	-	-	-	-	100%
13	KSK Dibbin Hydro Power Private Limited	31-Mar-15	Indian Rupee	1	804.60	-	998.22	193.62	-	-	-	-	-	-	81.01%
14	KSK Narmada Power Company Private Limited	31-Mar-15	Indian Rupee	1	0.11	-	16.79	16.69	-	-	-	-	-	-	100%
15	KSK Wardha Infrastructure Private Limited	31-Mar-15	Indian Rupee	1	1.50	-	1.64	0.14	-	-	-	-	-	-	100%
16	KSK Vidarbha Power Company Private Limited	31-Mar-15	Indian Rupee	1	0.11	-	2.15	2.05	-	-	-	-	-	-	100%
17	J R Power Gen Private Limited	31-Mar-15	Indian Rupee	1	76.70	-	1,891.13	1,814.43	-	-	-	-	-	-	99.87%
18	KSK Upper Subansiri Hydro Energy Limited	31-Mar-15	Indian Rupee	1	0.50	-	2,165.47	2,164.97	-	-	-	-	-	-	100%
19	KSK Jameri Hydro Power Private Limited	31-Mar-15	Indian Rupee	1	10.00	-	191.64	181.64	-	-	-	-	-	-	100%
20	KSK Dinchang Power Company Private Limited	31-Mar-15	Indian Rupee	1	10.00	-	347.78	337.78	-	-	-	-	-	-	100%
21	Bheri Hydro Power Company Private Limited (NR) 7	31-Mar-15	Nepallie Rupee	1	1.45	-	12.00	10.54	-	-	-	-	-	-	90%

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 35 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures (continued..)

Sl. No	Name of the Subsidiary Company	Reporting period	Reporting currency	Exchange Rate as at 31 March 2015	Share capital	Reserves & surplus	Total assets	Total Liabilities (Excluding share capital and reserves)	Investments	Turnover	Profit / (loss) before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
22	Bheri Hydro Power Company Private Limited (INR) 7	31-Mar-15	Indian Rupee	0.61	0.90	(0.02)	7.34	6.45	-	-	-	-	-	-	90%
23	Tila Karnali Hydro Electric Company Private Limited (NR) 7	31-Mar-15	Nepallie Rupee	1	208.57	-	247.27	38.70	-	-	-	-	-	-	80%
24	Tila Karnali Hydro Electric Company Private Limited (INR) 7	31-Mar-15	Indian Rupee	0.61	128.04	(0.48)	151.23	23.67	-	-	-	-	-	-	80%
25	KSK Surya Photovoltaic Venture Limited	31-Mar-15	Indian Rupee	1	370.55	-	1,066.10	695.55	72.74	-	-	-	-	-	93.23%

1 Names of subsidiaries which are yet to commence operations : Field Mining and Ispats Limited, Kameng Dam Hydro Power Limited, KSK Dibbin Hydro Power Private Limited, KSK Narmada Power Company Private Limited, KSK Wardha Infrastructure Private Limited, KSK Vidarbha Power Company Private Limited, J R Power Gen Private Limited, KSK Upper Subansiri Hydro Energy Limited, KSK Jameri Hydro Power Private Limited, KSK Dinchang Power Company Private Limited, Bheri Hydro Power Company Private Limited, Tila Karnali Hydro Electric Company Private Limited, KSK Surya Photovoltaic Venture Limited.

2 Names of subsidiaries which have been liquidated or sold during the year. None

3 Arasmeta Captive Power Company Limited, VS Lignite Power Private Limited, Sai Regency Power Corporation Private Limited and Sai Wardha Power Limited are subsidiaries of KSK Electricity Financing India Private Limited, which is 100% subsidiary of the Company.

4 Field Mining Ispats Limited is a subsidiary of Sai Wardha Power Limited

5 Sai Maithili Power Company Private Limited is a subsidiary of VS Lignite Power Private Limited

6 Sai Power Pte LTD is a subsidiary of KSK Mahanadi Power Company Limited

7 The financial year of the subsidiary ends on July 15 every year, however for the purpose of consolidation the accounts of the subsidiary is being prepared and considered upto 31 March 2015.



# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

## 35 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures (continued..)

### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No	Name of Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the joint venture is not consolidated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
			No.	Amount of Investment in Joint Venture	Extend of Holding %				Considered in Consolidation	Not Considered in Consolidation
1	Sitapuram Power Limited	31-Mar-15	2,440,960	200	49%	There is significant influence due to shareholding and joint control over the economic activities.	NA	505.49	(24.89)	-

1 Sitapuram Power Limited is a joint venture of KSK Electricity Financing India Private Limited, which is 100% subsidiary of the Company.

2 Names of associates or joint ventures which are yet to commence operations: None

3 Names of associates or joint ventures which have been liquidated or sold during the year: None

**36 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures**

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in profit or (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>	38.43 %	32,736.75	1.95 %	(58.67)
<b>Subsidiaries</b>				
<b>Indian</b>				
Arasmeta Captive Power Company Limited	0.67 %	573.21	(4.28)%	128.88
Field Mining and Ispats Limited	0.00 %	2.00	0.00 %	-
J R Power Gen Private Limited	0.09 %	76.70	0.00 %	-
Kameng Dam Hydro Power Limited	0.00 %	0.50	0.00 %	-
KSK Dibbin Hydro Power Private Limited	0.94 %	804.60	0.00 %	-
KSK Dinchang Power Company Private Limited	0.01 %	10.00	0.00 %	-
KSK Electricity Financing India Private Limited	6.26 %	5,335.29	12.05 %	(363.09)
KSK Jameri Hydro Power Private Limited	0.01 %	10.00	0.00 %	-
KSK Mahanadi Power Company Limited	39.24 %	33,430.68	(104.80)%	3,158.34
KSK Narmada Power Company Private Limited	0.00 %	0.11	0.00 %	-
KSK Upper Subansiri Hydro Energy Limited	0.00 %	0.50	0.00 %	-
KSK Vidarbha Power Company Private Limited	0.00 %	0.11	0.00 %	-
KSK Wardha Infrastructure Private Limited	0.00 %	1.50	0.00 %	-
KSK Wind Energy Private Limited	0.06 %	55.18	1.01 %	(30.57)
Sai Maithili Power Company Private Limited	0.35 %	299.55	0.63 %	(18.92)
Sai Regency Power Corporation Private Limited	4.33 %	3,688.67	4.51 %	(135.79)
Sai Wardha Power Limited	4.54 %	3,868.13	182.31 %	(5,494.34)
VS Lignite Power Private Limited	3.93 %	3,352.01	4.40 %	(132.51)
KSK Surya Photovoltaic Venture Limited	0.43 %	370.55	0.00 %	-
<b>Foreign</b>				
Tila Karnali Hydro Electric Company Private Limited	0.15 %	129.89	0.00 %	-
Bheri Hydro Power Company Private Limited	0.01 %	7.33	0.00 %	-
Sai Power Pte LTD	(0.08)%	(68.51)	1.40 %	(42.22)

# Notes to Consolidated Financial Statement (continued..)

(All amounts in Indian Rupees million, except share data and where otherwise stated)

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in profit or (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Joint Ventures</b>				
<b>Indian</b>				
Sitapuram Power Limited	0.59 %	505.36	0.83 %	(24.89)
	<b>100%</b>	<b>85,190.11</b>	<b>100%</b>	<b>(3,013.78)</b>
Adjustments arising out of consolidation	-	(46,252.02)	-	(681.47)
Minority Interests	-	(6,091.64)	-	493.45
<b>Consolidated net assets / profit after tax</b>	<b>-</b>	<b>32,846.45</b>	<b>-</b>	<b>(3,201.80)</b>

37 Exceptional items relates to liquidated damages recognised from EPC contractor - Rs 486.44, loss on sale of wind mill undertaking- Rs 342.11 and impairment of goodwill and assets relating to subsidiary Field Mining and Ispats Limited - Rs 148.00.

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

39 Previous year figures have been regrouped / reclassified to conform to the classification of the current year.

As per our report of even date

For **Umamaheswara Rao & Co.,**

Chartered Accountants

Firm Registration No: 004453S

for and on behalf of the Board

Sd/-

**S. Venugopal**

Partner

Membership No: 205565

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. A. Sastry**

Whole-time Director

DIN - 00006566

Sd/-

**V. Sambasiva Rao**

Chief Financial officer

Sd/-

**M. S. Phani Sekhar**

Company Secretary

Place: Hyderabad

Date: 30 May 2015

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## CORPORATE SUSTAINABILITY INITIATIVES







## **KSK ENERGY VENTURES LIMITED**

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