INDEPENDENT AUDITORS' REPORT

To
The Members of **Sai Wardha Power Generation Limited**

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Sai Wardha Power Generation Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other Comprehensive income),the statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Standalone Ind AS financial statements').

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other Comprehensive income, cash flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant Rule issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind AS 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 Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including Ind AS :

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
(b) in the case of the Profit and Loss Account including other comprehensive income, of the Loss for the year ended on that date;
(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date; and
(d) in the case of the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 31 (iii) (d) to the financial statements relating to recognition of exceptional income of Rs 605.52 crores relating to price and quality claim with Western Coal Fields pursuant to favourable ruling by Hon'ble Competition Appellate Tribunal in December 2016. Our opinion is not modified in this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
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, the statement of Cash Flow and the Statement of changes in equity dealt with by this Report are in agreement with the books of account.
d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards referred to in section 133 of Companies Act 2013, read with relevant Rules issued thereunder.
e. on the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

g. 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 standalone Ind AS financial statements – Refer Note 31(iii) to the standalone Ind AS financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts. Refer to Note 22 to the standalone Ind AS financial statements.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its standalone Ind AS financial statement as to holding as well as dealings in specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to Note 40 to the standalone Ind AS financial statements.

For Umamaheswara Rao & Co.,
Chartered Accountants
FRN 004453S

Sd/-
S Venugopal
Partner
ICAI MRN: 205565
Hyderabad
Date: May 26, 2017

Annexure - A to Auditors' Report

Referred to in paragraph 1 of "*Report on Other Legal and Regulatory Requirements* "inour 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.
(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.

ii. (a) Physical verification of inventory has been conducted by the management at reasonable intervals.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory. No material discrepancies were noticed on such physical verification.

iii. The Company has not granted any unsecured loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 and hence clause iii is not applicable.

iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

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 73to 76 of the Companies Act, 2013 and the rules framed there under are not applicable.

vi. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the central Government for maintenance of cost records under section 148(1) of the Act in respect of electricity generation, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detail examination of the records 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 Company amounts deducted/ accrued in the books of the account in respect of undisputed statutory dues including provident fund, Income tax, Sales tax, Value added tax, service tax, Custom duty, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
According to the information and explanations given to us, no undisputed amounts payable inrespect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable *except customs duty of Rs. 13,007*

(b) According to the information and explanations given to us, there are no dues of duty of customs, Sales Tax, Income Tax, Service Tax, duty of excise and Value Added Tax which have not been deposited with the appropriate authorities on account of any dispute.

viii. According to the books of accounts and other relevant records of the company examined by us and information and explanation given to us, the company had Principal arrears of Rs 150.71 Crores and Interest arrears of Rs 76.42 Crores.

ix. The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid any managerial remuneration and clause xi is not applicable.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Umamaheswara Rao & Co.,
Chartered Accountants
FRN 004453S

Sd/-
S Venugopal
Partner
ICAI MRN: 205565
Place: Hyderabad
Date: May 26, 2017

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Sai Wardha Power Generation Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Umamaheswara Rao & Co.,
Chartered Accountants
FRN 004453S

Sd/-
S Venugopal
Partner
ICAI MRN: 205565
Place: Hyderabad
Date: May 26, 2017

Sai Wardha Power Generation Limited (formerly known as Sai Wardha Power Limited)
Balance Sheet as at 31 Mar 2017
(All amounts are in ₹ Crores, unless otherwise stated)

	Note	31 Mar 2017	31 Mar 2016	01 Apr 2015
I ASSETS				
1 Non-current assets				
(a) Property, plant and equipment	5	2,105.11	2,265.81	2,267.50
(b) Capital work-in-progress	5	59.83	40.07	14.72
(c) Intangible assets	6	-	0.02	0.08
(d) Intangible assets under development	6	1.22	1.22	1.22
(e) Financial Assets				
(i) Investments	7	-	42.00	42.00
(ii) Loans	10	7.21	7.17	6.40
(iii) Other financial assets	9	0.50	0.42	0.28
(iv) Derivative assets	11	261.45	303.93	311.53
(f) Deferred tax assets (net)	23	318.10	347.22	242.15
(g) Other non current assets	12	173.51	184.43	206.65
		2,926.93	3,192.29	3,092.53
2 Current assets				
(a) Inventories	13	65.86	77.84	89.02
(b) Financial Assets				
(i) Trade receivables	8	303.09	304.27	302.68
(ii) Cash and cash equivalents	14	2.99	2.25	11.03
(iii) Other bank balances	15	40.88	55.80	57.78
(iv) Loans	10	16.12	29.07	15.56
(v) Other financial assets	9	3.84	9.23	9.86
(c) Other current assets	12	646.70	70.22	126.67
		1,079.48	548.68	612.60
TOTAL		4,006.41	3,740.97	3,705.13
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	16	404.14	404.14	367.40
(b) Other equity		(708.40)	(690.14)	(446.62)
		(304.26)	(286.00)	(79.22)
1 Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	2,293.02	2,384.47	2,376.38
(ii) Other financial liabilities	21	126.94	74.14	25.19
(iii) Derivative liability	22	89.64	151.15	165.59
(b) Other non current liabilities	19	45.10	39.41	33.72
(c) Provisions	18	1.35	1.45	0.88
		2,556.05	2,650.62	2,601.76

Sai Wardha Power Generation Limited (formerly known as Sai Wardha Power Limited)
Balance Sheet as at 31 Mar 2017
(All amounts are in ₹ Crores, unless otherwise stated)

	Note	31 Mar 2017	31 Mar 2016	01 Apr 2015
2 Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	598.22	706.37	661.48
(ii) Trade payables	20	378.82	196.35	183.53
(iii) Other financial liabilities	21	712.55	431.37	295.56
(iv) Derivative liability	22	47.03	39.06	37.44
(b) Other current liabilities	19	18.00	3.20	4.58
		1,754.62	1,376.35	1,182.59
TOTAL		4,006.41	3,740.97	3,705.13

See accompanying notes to the financial statements

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

Sd/-
S.Venugopal
Partner
Membership No. 205565

for and on behalf of the Board

Sd/-
K.A.Sastry
Whole-time Director
DIN : 00006566

Sd/-
S.Kishore
Director
DIN : 00006627

Sd/-
C.Srinivas
Chief Financial Officer

Sd/-
Deepa Dutta
Company Secretary

Place: Hyderabad
Date: 26 May 2017

Sai Wardha Power Generation Limited (formerly known as Sai Wardha Power Limited)
Statement of Profit and Loss for the year ended 31 Mar 2017
(All amounts are in ₹ Crores, unless otherwise stated)

		Note	Year ended 31 Mar 2017	Year ended 31 Mar 2016
I	Revenue from operations	24	538.73	775.00
II	Other income	25	5.47	6.14
III	**Total revenue (I + II)**		**544.20**	**781.14**
IV	**Expenses**			
	Cost of fuel consumed	26	384.80	461.45
	Employee benefits expense	27	21.39	21.58
	Finance costs	28	386.80	390.74
	Other expenses	29	220.90	151.32
	Depreciation and amortization expense	5 & 6	125.15	104.43
	Total expenses		**1,139.04**	**1,129.52**
V	**(Loss) / Profit before exceptional item and tax (III - IV)**		(594.84)	(348.38)
VI	Exceptional item	31(iii)(d)	605.52	-
VII	**Profit / (Loss) before tax (V+ VI)**		10.68	(348.38)
VIII	**Tax expense / (income)**			
	Deferred tax	23	29.06	(104.99)
	Total tax expense / (income)		29.06	(104.99)
IX	**(Loss) / profit after tax (VII - VIII)**		**(18.38)**	**(243.39)**
X	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss	30	0.18	(0.20)
	(ii) Income tax relating to above	30	(0.06)	0.07
	Other comprehensive income / (loss) (after tax)		0.12	(0.13)
XI	**Total comprehensive (loss) / income for the year (IX-X)**		**(18.26)**	**(243.52)**
XII	**Earnings / (loss) per share:**			
	Basic and diluted - face value Rs.10 per share - Class A shares	35	(0.001)	(0.001)
	Basic and diluted - face value Rs.10 per share - Class B shares	35	(0.614)	(8.333)

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/-
K.A.Sastry
Whole-time Director
DIN : 00006566

Sd/-
S.Kishore
Director
DIN : 00006627

Place: Hyderabad
Date: 26 May 2017

Sd/-
C.Srinivas
Chief Financial Officer

Sd/-
Deepa Dutta
Company Secretary

Sai Wardha Power Generation Limited (formerly known as Sai Wardha Power Limited)
Statement of Changes in Equity for the year ended 31 Mar 2017
(All amounts are in ₹ Crores, unless otherwise stated)

A. Equity Share Capital

Particulars	No of Shares	Amount
Balance as at 1 April, 2015	367,400,000	367.40
Changes in equity share capital during the year :		
i) Shares issued during the year	36,740,146	36.74
Balance as at 31 March 2016	**404,140,146**	**404.14**
Balance as at 1 April, 2016	404,140,146	404.14
Changes in equity share capital during the year :		
i) Shares issued during the year	-	-
Balance as at 31 March 2017	**404,140,146**	**404.14**

B. Other Equity

	Reserves and surplus		Items of OCI	
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Acturial gain or (losses)**	**Total**
Balance as at 1 April, 2015	38.82	(485.44)	-	**(446.62)**
(Loss)/profit for the year	-	(243.39)	-	**(243.39)**
Remeasurement of defined benefit plans, net of tax	-	-	(0.13)	**(0.13)**
Total comprehensive (loss)/profit for the year	-	**(243.39)**	**(0.13)**	**(243.52)**
Balance as at 31 March 2016	**38.82**	**(728.83)**	**(0.13)**	**(690.14)**
Balance as at 1 April, 2016	38.82	(728.83)	(0.13)	**(690.14)**
(Loss)/profit for the year	-	(18.38)	-	**(18.38)**
Remeasurement of defined benefit plans, net of tax	-	-	0.12	**0.12**
Total comprehensive (loss)/profit for the year	-	**(18.38)**	**0.12**	**(18.26)**
Balance as at 31 March 2017	**38.82**	**(747.21)**	**(0.01)**	**(708.40)**

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/-
K.A.Sastry
Whole-time Director
DIN : 00006566

Sd/-
S.Kishore
Director
DIN : 00006627

Place: Hyderabad
Date: 26 May 2017

Sd/-
C.Srinivas
Chief Financial Officer

Sd/-
Deepa Dutta
Company Secretary

Sai Wardha Power Generation Limited (formerly known as Sai Wardha Power Limited)

Cash Flow Statement for the year ended 31 Mar 2017

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

Particulars	31 Mar 2017	31 Mar 2016
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	10.68	(348.38)
Adjustments for		
Depreciation and amortisation expense	125.15	104.43
Finance cost	386.80	390.74
Interest income	(4.09)	(5.16)
Dividend income	-	(0.01)
Unrealised foreign exchange differences	(2.10)	0.11
Liability no longer required written back	(0.21)	-
Bad debt written off / Provision for doubtful debts / Others	58.35	14.59
Others, net	0.18	(0.17)
Operating profit / (loss) before working capital changes	574.76	156.15
Working capital changes		
Inventories	11.98	11.17
Trade receivables	(55.13)	(18.62)
Loan and advances	(570.72)	77.13
Trade payables	304.27	30.95
Other liabilities and provisions	25.27	7.85
Cash generated from operating activities	290.43	264.63
Taxes (paid) / refund	0.12	0.26
Net cash from operating activities	290.55	264.89
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of fixed assets including capital work-in-progress, net	(16.80)	(21.00)
Sale of fixed assets	-	0.00
(Investment)/redemption of bank deposit (held as margin money or security against guarantees or borrowings)	14.83	1.83
Inter corporate deposit - given/repaid, net	17.80	(12.96)
Interest received	4.64	5.80
Dividend received	-	0.01
Net cash from / (used in) investing activity	20.47	(26.32)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital and application money, net of share issue expenses	134.41	9.55
Proceeds from long-term borrowings	20.00	109.40
Repayment of long-term borrowings	(97.04)	(77.64)
Proceeds from / (repayment of) short term borrowings, net	(66.15)	51.06
Finance cost paid	(301.50)	(339.72)
Net cash from / (used in) financing activities	(310.28)	(247.35)
Net increase / (decrease) in cash and cash equivalents	0.74	(8.78)
Cash and cash equivalent - opening balance	2.25	11.03
Cash and cash equivalent - closing balance (Refer note 14)	2.99	2.25

See accompanying notes to the financial statements

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

Sd/-
S.Venugopal
Partner
Membership No. 205565

Place : Hyderabad
Date : 26 May 2017

for and on behalf of the Board

Sd/-
K.A.Sastry
Whole-time Director
DIN - 00006566

Sd/-
S.Kishore
Director
DIN - 00006627

Sd/-
C.Srinivas
Chief Financial Officer

Sd/-
Deepa Dutta
Company Secretary

Sai Wardha Power Generation Limited (Formerly known as Sai Wardha Power Limited)
Notes to financial statements
(All amounts are in ₹ Crores, unless otherwise stated)

1 Company overview

Sai Wardha Power Generation Limited ("the Company") is a Public Company domiciled in India and incorporated under the provisions of Companies Act applicable in India. The Registered Office of the Company is located at Road No 22, Jubilee Hills, Hyderabad - 500033, Telangana. The Company is engaged in the business of generation and sale of power through its power plant of 4 x 135MW power plant in Warora, Chandrapur district, Maharashtra.

2 Basis of Preparation

2.1 Statement of Compliance

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

The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, 'First-time adoption of Indian Accounting Standards' has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 36.

The financial statements were authorised for issue by the Board of Directors on 26 May 2017.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

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

3 Significant accouting policies

3.1 Property, plant and equipment

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

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

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

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

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

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

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of 1st April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.2 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

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

Nature of asset	Useful life (years)
Software	3

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible asset recognised as of 1st April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.3 Financial Instruments

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

3.4 Financial assets

Initial recognition & measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

Debt instrument at FVTOCI

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

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

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

Debt instrument at FVTPL

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

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

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

Equity investments

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

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

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

Derecognition

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

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

Impairment of financial asset

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

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

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

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

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

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

3.5 Financial liabilities

Initial recognition

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

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

The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IND AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at the initial date of recognition, and only if criteria of IND AS 109 are satisfied.

Loans and borrowings at amortised cost

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

Offsetting of financial instruments

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

Amortised cost of financial instruments

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

Derecognition

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

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

3.6 Derivative financial instruments

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

Embedded derivatives

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

3.7 Fair value measurement

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

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

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

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

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

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

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

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

3.8 Inventories

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

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

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

3.9 Foreign currency translation

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

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

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

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

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

3.10 Revenue recognition

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

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

Deferred revenue : Non-refundable contributions received from the captive consumers of the Company are recognised as deferred revenue in the balance sheet and transferred to statement of profit and loss on a systematic and rational basis over life of the term of the relevant agreement.

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

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

3.11 Taxes

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

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

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

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

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

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

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

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

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

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

3.12 Leases

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

Company as a lessee

Operating lease payments are recognised as an expense in the statement of profit and loss on accrual basis.

3.13 Borrowing cost

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

All other borrowing costs including transaction costs are recognised in the statement of profit and loss in the year in which they are incurred, the amount being determined using the EIR method.

3.14 Impairment of non-financial assets

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

Impairment losses of continuing operations are recognised in the statement of profit and loss, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

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

3.15 Cash and short-term deposits

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

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

3.16 Earnings per share

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

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

3.17 Provisions

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

3.18 Employee benefits

Gratuity

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

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

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

Provident fund

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

Short- term benefits

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

4 Significant accounting judgements, estimates and assumptions

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

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

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

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

Estimates and assumptions

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

- *Estimation of fair value of acquired financial assets and financial liabilities:* When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.
- *Un-collectability of trade receivables:* Analysis of historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. Further recoverability of various claims as per power purchase agreement are subject to adjudicate at appropriate regulatory authorities.
- *Taxes:* Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of assessment by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax assessment and differing interpretations of tax laws by the taxable entity and the responsible tax authority. The Company assesses the probability for litigation and subsequent cash outflow with respect to taxes.
- Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
- *Gratuity benefits:* The cost of defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Actual results can differ from estimates.

Judgement

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

- *Useful lives of depreciable assets:* Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence, particularly relating to software and information technology equipment.
- *Provision:* The Company is currently defending certain lawsuits where the actual outcome may vary from the amount recognised in the financial statements. None of the provisions are discussed here in further details as that might seriously prejudice the Company's position in the related disputes.

Sai Wardha Power Generation Limited (formerly known as Sai Wardha Power Limited)

Notes to financial statements

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

5 Property, plant and equipment

	Land-Freehold	Buildings	Plant & Equipment	Furniture fixtrures	Vehicles	Office equipment & Computers	Total	Capital work in progress
Deemed cost								
As at 1 Apr 2015	8.14	466.29	1,790.12	0.45	0.73	1.77	2,267.50	14.72
Additions	-	-	0.49	0.08	-	0.16	0.73	25.35
Disposals/transfers	-	-	-	-	-	(0.26)	(0.26)	-
Others	-	18.92	83.06	-	-	-	101.98	-
As at 31 Mar 2016	**8.14**	**485.21**	**1,873.67**	**0.53**	**0.73**	**1.67**	**2,369.95**	**40.07**
As at 1 Apr 2016	8.14	485.21	1,873.67	0.53	0.73	1.67	2,369.95	40.07
Additions	-	0.39	0.26	0.01	0.21	0.01	0.88	19.76
Disposals/transfers	-	-	-	-	-	-	-	-
Others	-	(6.85)	(29.60)	-	-	-	(36.45)	-
As at 31 Mar 2017	**8.14**	**478.75**	**1,844.33**	**0.54**	**0.94**	**1.68**	**2,334.38**	**59.83**
Depreciation								
As at 1 Apr 2015	-	-	-	-	-	-	-	-
Additions	-	17.00	86.25	0.10	0.23	0.79	104.37	-
Disposals/transfers	-	-	-	-	-	(0.23)	(0.23)	-
As at 31 Mar 2016	**-**	**17.00**	**86.25**	**0.10**	**0.23**	**0.56**	**104.14**	**-**
As at 1 Apr 2016	-	17.00	86.25	0.10	0.23	0.56	104.14	-
Additions	-	22.63	101.81	0.10	0.14	0.45	125.13	-
Disposals/transfers	-	-	-	-	-	-	-	-
As at 31 Mar 2017	**-**	**39.63**	**188.06**	**0.20**	**0.37**	**1.01**	**229.27**	**-**
Net book value								
As at 1 Apr 2015	8.14	466.29	1,790.12	0.45	0.73	1.77	2,267.50	14.72
As at 31 Mar 2016	8.14	468.21	1,787.42	0.43	0.50	1.11	2,265.81	40.07
As at 31 Mar 2017	8.14	439.12	1,656.27	0.34	0.57	0.67	2,105.11	59.83

(i) Property, plant and equipment with a carrying amount of ₹ 2,164.94 (31 March 2016: ₹ 2,305.88; 1 April 2015: ₹ 2,282.22) is subject to security restrictions (refer note 17).

(ii) Others represents change on account of exchange rate and price variation.

6 Intangible assets

	Computer software	Total	Intangible assets under development
Deemed cost			
As at 1 Apr 2015	0.08	0.08	1.22
Additions	-	-	-
As at 31 Mar 2016	**0.08**	**0.08**	**1.22**
As at 1 Apr 2016	0.08	0.08	1.22
Additions	-	-	-
As at 31 Mar 2017	**0.08**	**0.08**	**1.22**
Depreication			
As at 1 Apr 2015	-	-	-
Additions	0.07	0.07	-
As at 31 Mar 2016	**0.07**	**0.07**	**-**
As at 1 Apr 2016	0.07	0.07	-
Additions	0.02	0.02	-
As at 31 Mar 2017	**0.08**	**0.08**	**-**
Net book value			
As at 1 Apr 2015	0.08	0.08	1.22
As at 31 Mar 2016	0.02	0.02	1.22
As at 31 Mar 2017	0.00	0.00	1.22

(i) Intangible assets with a carrying amount of ₹ 1.22 (31 March 2016: ₹ 1.24; 1 April 2015: ₹ 1.30) is subject to security restrictions (refer note 17)

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

7 Non-current investments

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Investments in equity instruments			
At fair value through other comprehensive income			
(unquoted , fully paid up)			
Nil (31 Mar 2016: 42,000,001; 01 Apr 2015: 42,000,001) equity share of Rs.10/- each in KSK Mahanadi Power Company Limited	-	42.00	42.00
Total	-	42.00	42.00
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	-	42.00	42.00
Aggregate amount of impairment in the value of investments	12.90	12.90	-

8 Trade receivables

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Secured, considered good	27.08	32.25	20.34
Unsecured, considered good	276.01	272.02	282.34
Unsecured, considered doubtful	-	14.59	-
	303.09	318.86	302.68
Less: Provision for doubtful debts	-	14.59	-
Total	303.09	304.27	302.68

(i) Trade receivable are interest bearing and are generally due within 0-7 days terms.

(ii) Trade receivable of ₹ 303.09 (31 March 2016: ₹ 304.27; 1 April 2015: ₹ 302.68) for the Company have been pledged as security for borrowings (refer note 17)

9 Other financial assets

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Non-current			
Unsecured, considered good			
Deposits with bank	0.49	0.41	0.25
Interest accrued	0.01	0.01	0.03
Total (A)	0.50	0.42	0.28
Current			
Unsecured, considered good			
Interest accrued	3.84	4.38	5.01
Other receivables	-	4.85	4.85
Total (B)	3.84	9.23	9.86
Total (A+B)	4.34	9.65	10.14

(i) The Company has pledged its deposit with banks amounting to ₹ 0.49 (31 March 2016: ₹ 0.41; 1 April 2015: ₹ 0.25) in order to fulfill collateral requirements.

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10 Loans

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Non-current			
Unsecured, considered good			
Security deposits	7.21	7.17	6.40
Total (A)	7.21	7.17	6.40
Current			
Unsecured, considered good			
Security deposits	11.11	18.03	10.56
Loans and advances	5.01	11.04	5.00
Unsecured, considered doubtful			
Loans and advances	1.90	1.90	1.90
Less: Provision for doubtful debts	(1.90)	(1.90)	(1.90)
Total (B)	16.12	29.07	15.56
Total (A+B)	23.33	36.24	21.96

11 Derivative assets

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Currency option	261.45	303.93	311.53
	261.45	303.93	311.53

12 Other assets

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Non-current			
Capital advances	2.86	7.87	7.83
Prepaid expenses	0.03	0.10	0.01
Advance tax and TDS receivable (net of provision for tax)	2.06	2.18	2.44
Balances with statutory authorities	104.37	109.34	130.68
Prepaid lease rental	64.19	64.94	65.69
Total (A)	173.51	184.43	206.65
Current			
Advance for goods and services	33.70	52.32	114.01
Prepaid expenses	2.10	2.96	5.93
Claims Receivable	609.05	3.53	5.98
Balances with statutory authorities	1.10	10.66	-
Prepaid lease rental	0.75	0.75	0.75
Total (B)	646.70	70.22	126.67
Total (A+B)	820.21	254.65	333.32

13 Inventories

	31 Mar 2017	31 Mar 2016	01 Apr 2015
(at lower of cost or net realisable value)			
Fuel	1.58	1.03	12.49
Fuel - in transit	-	5.56	18.44
Stores and spares (including consumables)	63.10	69.83	54.38
Stores and spares - in transit	1.18	1.42	3.71
Total	65.86	77.84	89.02

(i) Inventory of ₹ 65.86 (31 March 2016: ₹ 77.84; 1 April 2015: ₹ 89.02) for the Company is subject to security restrictions (refer note 17)

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

14 Cash and cash equivalents

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Cash on hand	0.05	0.01	0.02
Balances with banks			
On current account	2.94	2.24	11.01
Total	2.99	2.25	11.03

15 Other bank balances

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Deposits with bank	40.88	55.80	57.78
	40.88	55.80	57.78

(i) The Company has pledged its deposit with banks amounting to ₹ 40.88 (31 Mar 2016: ₹ 55.80; 1 Apr 2015: ₹ 57.78) in order to fulfill collateral requirements.

16 Share capital

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Authorized:			
2,250,000,000 (31 Mar 2016: 2,250,000,000; 1 Apr 2015: 2,250,000,000) equity shares of Rs. 10/- each	2,250.00	2,250.00	2,250.00
750,000,000 (31 Mar 2016: 750,000,000; 1 Apr 2015: 750,000,000) preference shares of Rs.10/- each	750.00	750.00	750.00
	3,000.00	3,000.00	3,000.00
Issued, subscribed and fully paid up:			
105,076,818 (31 Mar 2016: 105,076,818; 1 Apr 2015: 95,524,380) Class A equity shares of Rs.10 each fully paid-up (Ref note I (a))	105.08	105.08	95.52
299,063,328 (31 Mar 2016: 299,063,328; 1 Apr 2015: 271,875,620) Class B equity shares of Rs.10 each fully paid-up (Ref note I (b))	299.06	299.06	271.88
	404.14	404.14	367.40

Notes:

I a) Class A equity shareholders shall be entitled to receive a restrictive dividend of not more than 0.01% of the face value of the shares held.

b) Class B equity shareholders shall be entitled to receive all the profits of Company remaining after the payment of dividend to Class A Share holders.

II Reconciliation of number of shares outstanding

Particulars	31 Mar 2017	31 Mar 2016	01 Apr 2015
Equity shares			
Class A equity shares, fully paid up			
Outstanding at the begining of the year	10.51	9.55	9.55
Issued during the year	-	0.96	-
Outstanding at the end of the year	10.51	10.51	9.55
Class B equity shares			
Outstanding at the begining of the year	29.91	27.19	27.19
Issued during the year	-	2.72	-
Outstanding at the end of the year	29.91	29.91	27.19

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III Particulars of shareholders holding more than 5% of the outstanding shares

	Name of the shareholder	31 Mar 2017	31 Mar 2016	01 Apr 2015
a)	**Class A equity shares**			
	KSK Energy Ventures Limited			
	No of shares held	2.69	3.92	3.65
	% of shares held	25.65%	37.26%	38.21%
	Viraj Profiles Limited			
	No of shares held	2.33	2.33	2.33
	% of shares held	22.17%	22.17%	24.39%
	Hindustan Petroleum Corporation Limited			
	No of shares held	0.78	0.39	-
	% of shares held	7.41%	3.70%	0.00%
	Mahindra Sanyo Special Steel Private Limited			
	No of shares held	0.62	0.62	0.62
	% of shares held	5.89%	5.89%	6.48%
	Mahalaxmi TMT Private Limited			
	No of shares held	0.79	0.79	0.79
	% of shares held	7.51%	7.51%	8.26%
b)	**Class B equity shares**			
	KSK Electricity Financing India Private Limited			
	No of shares held	29.91	29.91	27.19
	% of shares held	100.00%	100.00%	100.00%

IV Equity shares held by holding company, step-up holding company, subsidiaries of holding company and step-up holding company

Name of the shareholder	31 Mar 2017	31 Mar 2016	01 Apr 2015
Class B Equity shares			
Holding company			
No. of shares held	29.91	29.91	27.19
% of shares held	100.00%	100.00%	100.00%
Class A Equity shares			
Step-up holding company			
No. of shares held	2.69	3.92	3.65
% of shares held	25.65%	37.26%	38.21%

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

17 Borrowings

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Non-current			
Secured			
Term loans (Refer note 1 (a) and 2 (a))			
Rupee loans from banks	284.22	395.19	216.63
Rupee loans from others	44.00	-	117.35
Foreign currency loans - External commercial borrowings from banks (Refer note 1 (a) and 2 (b))	1,587.24	1,613.76	1,516.45
Unsecured			
Redeemable preference shares			
0.01% Class B cumulative redeemable preference shares (refer note 2 (d))	15.60	13.56	11.79
0.01% cumulative redeemable preference shares (refer note 2 (e))	150.03	150.03	177.22
15% cumulative redeemable preference shares (refer note 2 (f))	211.93	211.93	211.93
Foreign currency loans - External commercial borrowings from banks	-	-	125.01
Total (A)	2,293.02	2,384.47	2,376.38
Current			
Secured			
Loan repayable on demand (Refer note 1 (a))			
from banks	382.44	321.38	255.00
Loan against letter of credit (Refer note 1 (a))	145.78	208.05	162.20
Foreign currency loans from banks (refer note 1 (a))	-	-	10.58
Unsecured			
Loan against deposits from banks	70.00	74.20	122.80
Loan against letter of credit (refer note 1 (b))	-	-	49.00
Loans from related parties	-	102.74	16.90
Loan from others	-	-	45.00
Total (B)	598.22	706.37	661.48
Total (A+B)	2,891.24	3,090.84	3,037.86

Note : Details of securities pledge and repayment terms:

1) Security details

a) *Security :* First charge pari-passu by way of mortgate 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, the holding company and corporate gurantee given by KSK Energy Ventures Limited, the step-up holding Company.

b) *Security :* Secured by letter of credit facility sanctioned to KSK Energy Ventures Limited, the step-up holding Company.

2) Repayment details

a) The long term rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from June 2020 to September 2022. These loans carry a weighted average interest rate of 13.61% p.a.

b) Foreign currency loan amounting to ₹ 1,587.24 (31 Mar 2016: ₹1,613.76; 1 Apr 2015 ₹ 1,516.45) are repayable in halfyearly instalments with the last instalment payable by August 2021. The long term foreign currency loans carry a weighted average interest rate of 6.16% p.a.

c) Foreign currency loan amounting to ₹ 129.76 (31 Mar 2016: ₹ 198.42; 1 Apr 2015 ₹ 93.58) is classified in current maturities of long term debt and is repayable from June 2014 to January 2017. The long term foreign currency loans carry a weighted average interest rate of 4.42% p.a.

d) Class B cumulative redeemable preference shares is repayable at par within 10 years from the date of allotment with an interest rate of 0.01% p.a.

e) Cumulative redeemable preference shares is repayable at par within 10 years from the date of allotment with an interest rate of 14% p.a.

f) Cumulative redeemable preference shares is repayable at par within 10 years from the date of allotment with an interest rate of 15% p.a.

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

18 Provisions

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Non-current			
For employee benefits	1.35	1.45	0.88
Total	1.35	1.45	0.88
Total	1.35	1.45	0.88

Note:

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

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

A. Net Benefit liability

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Defined benefit obligation	2.65	2.33	1.76
Fair value of plan assets	(1.30)	(0.88)	0.88
Benefit liability	1.35	1.45	2.64

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

	31 Mar 2017	31 Mar 2016
Defined benefit obligation as at the beginning of the year	2.33	1.76
Included in Income statement		
Current service cost	0.40	0.41
Interest cost	0.18	0.14
	0.58	0.55
Included in other comprehensive income		
Remeasurement loss / (gain)		
change in financial assumptions	0.14	(0.01)
Actuarial losses/(gains) on obligation	(0.31)	0.22
	(0.17)	0.21
Others		
Benefits paid	(0.11)	(0.19)
	(0.11)	(0.19)
Defined benefit obligation as at the end of the year	2.63	2.33

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

	31 Mar 2017	31 Mar 2016
Fair Value of Plan Assets		
Fair value of plan assets beginning of the period	0.88	0.88
Included in income statement		
Interest income	0.07	0.07
	0.07	0.07
Included in other comprehensive income		
Remeasurement loss / (gain)		
Return on plan asset (excluding amounts included in net interest expense)	0.02	0.01
	0.02	0.01
Others		
Contributions	0.44	0.11
Benefits Paid	(0.11)	(0.19)
	0.33	(0.08)
Fair value of plan assets end of the period	1.30	0.88

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

Net defined benefit liability (asset)

	31 Mar 2017	31 Mar 2016
Balance	1.45	0.88
Included in income statement		
Current service cost	0.40	0.41
Interest cost / (income)	0.11	0.07
	0.51	0.48
Included in other comprehensive income		
Remeasurement loss / (gain)		
Change in financial assumptions	0.14	(0.01)
Actuarial losses/(gains) on obligation	(0.32)	0.21
	(0.18)	0.20
Others		
Contributions by employer	(0.44)	(0.11)
Defined benefit obligation as at the end of the year	1.34	1.45

Asset information

	31 Mar 2017	31 Mar 2016
Insurer managed funds	100%	100%

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

	31 Mar 2017	31 Mar 2016
Discount rate	7.45%	7.80%
Rate of increase in compensation levels	10.00%	10.00%

Sensitivity analysis

	31 Mar 2017		31 Mar 2016	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1% movement)	0.48	(0.39)	0.44	(0.35)
Salary Growth Rate (- / + 1% movement)	(0.29)	0.28	(0.27)	0.26

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

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

19 Other liabilities

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Non-current			
Deferred revenue	32.12	32.90	33.69
Other liabilities	12.98	6.51	0.03
Total (A)	45.10	39.41	33.72
Current			
Deferred revenue	1.02	1.05	0.89
Statutory liabilities	16.86	2.03	3.57
Advance received for sale of assets	0.12	0.12	0.12
Total (B)	18.00	3.20	4.58
Total (A+B)	63.10	42.61	38.30

20 Trade payables

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Dues to other than micro and small enterprises	378.82	196.35	183.53
	378.82	196.35	183.53

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.

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

21 Other financial liabilities

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Non Current			
Interest accured	126.94	74.14	25.19
Total (A)	126.94	74.14	25.19
Current			
Share application money	134.41	-	-
Current maturities of long-term debt	237.89	258.58	158.59
Interest accrued	118.12	76.56	62.23
Creditors for capital goods	8.05	8.56	9.20
Salaries and bonus payable	7.65	3.58	1.23
Other liabilities	206.43	84.09	64.31
Total (B)	712.55	431.37	295.56
Total (A+B)	839.49	505.51	320.75

22 Derivative liabilities

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Non Current			
Premium payable	78.12	110.24	135.73
Interest rate swap	11.52	40.91	29.86
Total (A)	89.64	151.15	165.59
Current			
Premium payable	47.03	39.06	37.30
Forward cover	-	-	0.14
Total (B)	47.03	39.06	37.44
Total (A+B)	136.67	190.21	203.03

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

23 Deferred tax (liability) / assets

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

	1 April 2016	Recognised in P & L	Recognised in OCI	Others	31 Mar 2017
Deferred income tax assets					
Unused tax losses carried forward	753.38	(20.47)	-	-	732.91
	753.38	(20.47)	-	-	732.91
Deferred income tax liabilities					
Property, plant and equipment	(415.21)	(0.48)	-	-	(415.69)
Others	9.05	(8.11)	(0.06)	-	0.88
	(406.16)	(8.59)	(0.06)	-	(414.81)
Deferred income tax asset, net	347.22	(29.06)	(0.06)	-	318.10

	01 Apr 2015	Recognised in P & L	Recognised in OCI	Others	31 Mar 2016
Deferred income tax assets					
Unused tax losses carried forward	647.71	105.67	-	-	753.38
	647.71	105.67	-	-	753.38
Deferred income tax liabilities					
Property, plant and equipment	(400.48)	(14.73)	-	-	(415.21)
Others	(5.08)	14.06	0.07	-	9.05
	(405.56)	(0.67)	0.07	-	(406.16)
Deferred income tax asset, net	242.15	105.00	0.07	-	347.22

Tax Reconciliation statement

	31 Mar 2017	31 Mar 2016
Profit as per P&L	10.68	(348.38)
Enacted tax rate	34.608%	34.608%
Tax on Profit at enacted rates	3.69	(120.57)
Expenditure not deductible for tax purpose	22.59	19.54
Income not taxable	(0.27)	(5.89)
Others	3.05	1.91
Actual tax expense	29.06	(104.99)

Deferred tax assets on carry forward unused tax losses have been recognised to the extent of deferred tax liabilities on taxable temporary differences available. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax asset.

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

24 Revenue from operations

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Sale of electricity	538.61	774.87
Other operating income	0.12	0.13
	538.73	775.00

25 Other income

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Interest income on financial instruments	4.05	5.16
Other interest income	0.04	-
Dividend income	-	0.01
Foreign exchange fluctuations, net	-	0.15
Deferred Revenue amortisation	0.78	0.79
Miscellaneous income	0.60	0.03
	5.47	6.14

26 Cost of fuel consumed

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Consumption of Coal	381.17	457.01
Consumption of LDO and HFO	3.63	4.44
	384.80	461.45

27 Employee benefit expenses

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Salaries, wages and bonus	19.63	19.71
Contribution to provident and other funds (refer note 18)	1.17	1.16
Staff welfare expenses	0.59	0.71
	21.39	21.58

28 Finance costs

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Interest expense	260.79	256.25
Interest on redeemable preference shares	52.79	48.95
Unwinding of discount	2.03	1.77
Other borrowing cost	60.38	55.34
Loss on derivatives contracts - FVTPL	10.81	28.43
	386.80	390.74

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

29 Other expenses

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Stores and spares	13.43	15.63
Repairs and maintenance:		
Plant and equipment	42.80	33.66
Others	4.25	3.80
Cost of import power	2.43	3.11
Raw water expenses	0.65	8.45
Rent	1.53	1.46
Rates and taxes	32.35	6.82
Insurance charges	1.60	1.87
Freight outward	3.76	3.76
Legal and professional charges	13.84	9.13
Transmission charges	22.98	38.87
Selling and distribution expenses	17.64	2.71
Remuneration to auditors		
for audit	0.11	0.11
for tax audit	0.01	0.00
for certifications	0.00	0.02
Travel and conveyance	1.34	1.93
Donation / gifts	0.18	0.31
Provision for doubtful receivables	-	14.59
Bad debts written off	58.35	-
Foreign exchange fluctuations, net	0.86	-
Miscellaneous expenses	2.79	5.09
	220.90	151.32

30 Other comprehensive income

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans;	0.18	(0.20)
Income tax relating to above	(0.06)	0.07
	0.12	(0.13)

31 Capital commitment and contingent liabilities

(i) Capital Commitment

a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances ₹ 53.29 (31 Mar 2016: ₹ 22.84; 1 Apr 2015: ₹ 42.46)

(ii) Contingent liabilities

a) Corporate guarantees outstanding ₹ 571.98 (31 Mar 2016: ₹ 638.92; 1 Apr 2015: ₹ 606.11)

b) Letter of credit outstanding ₹ 97.00 (31 Mar 2016 : ₹ 99.05; 1 Apr 2015: ₹ Nil)

c) Claims against the Company not acknowledged on debt ₹ 37.03 (31 Mar 2016: ₹ 38.39; 1 Apr 2015: ₹ 38.39)

(iii) Legal claims

a) The Company has received claims for ₹ 2.29 (31 Mar 2016: ₹ 2.29; 1 Apr 2015: ₹ 2.29) from Joint Director General of Foreign Trade (DGFT) towards the recovery of the duty drawbacks, earlier refunded. The company 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 communication from the DGFT regarding the recovery of the duties paid are based on the interpretations by the Policy Interpretation Committee meeting held on 15 March 2011.The company 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 has been done yet, the company believes that outcome of the above dispute should be in favour of the company and there should be no material impact on the financial statements

b) Other non-current assets includes an amount of ₹ 57.96 (31 Mar 2016: ₹ 57.96 ; 1 Apr 2015: ₹ 57.96) relating to Central Excise receivable from the central excise department by the Company. The Company 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. However, the excise duty refund claims were rejected by the department stating that there are no provision of refund under the SEZ Act. However the Company hase gone to CESTAT, wherein the CESTAT has decided that the Appeal is not maintainable with CESTAT, but lies with the Revisionery Authority, therefore the claims has been filed with Jt. Secretary Government of India, Ministry of Finance New Delhi. The Company is confident to receive refund.

c) The captive customers of the Company has deducted from the sales invoices and paid an amount of ₹ 60.34 towards Cross Subsidy Surcharge ('CSS') levied by MSEDCL for the financial year 2012-13 before ascertaining the captive status of the plant at the end of financial year which was against the express provisions of the Electricity Act 2003 read with the Electricity Rules, 2005. MERC asked the Company to pay CSS on ground of non-fulfilment of criteria of 51% supply to captive users as per Rule 3 of the Electricity Rules 2005. Aggrieved by the said order of the MERC, the Company has filed an appeal before the APTEL on the ground that the non-fulfilment of captive criteria by the company was attributed to the delay caused by MSEDCL in granting open access to captive customers. APTEL also rejected the appeal. Aggrived by this, the Company has filed petition with Honourable Supreme Court of India. Pending adjudication of the same, the Company believes that there is a good chance of succeeding,and hence no adjustment has been made in the financial statements. Pending final adjudication of the matter the Company has accrued necessary provision on a prudent basis.

d) The Company has lodged a claim relating to quality and price on Western Coalfields Limited (WCL), the coal supplier for abuse of dominant position by WCL and Coal India Limited (CIL). Honourable Competition Commission of India ('Commission') has passed an order on 27 October 2014 in favour of the Company as far as price claim is concerned whereas for the quality claim, the Commission has referred to its earlier order dated 13 January 2014, of similar case which is presently pending at Competition Appellate Tribunal (COMPAT). WCL has preferred an appeal against the order of the Commission before the COMPAT wherein during the year ended 31 March 2017, COMPAT has upheld the order given by Commission against which WCL has preferred an appeal before the Honourable Supreme Court of India. The Company has filed a total claim of ₹ 1,556.80 with COMPAT under provision 53N of The Competition Act, 2002. Further the Company has received a demand of ₹ 95.46 from WCL towards short lifting of minimum quantity of coal which is also contested by the Company on various grounds including of inferior quality & high price and as such has not been provided for. Consequent to reiterating and upholding, in entirety, the earlier favourable order of Hon'ble Competition Commission of India by COMPAT the Company has recognised a claim of ₹ 605.52 during the year ended 31 March 2017. The Company believes that the final outcome of the above matters would be in favour of the company and company is confident that the entire amount is fully recoverable.

e) The Company has 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 ₹ 72.93 (31 Mar 2016 ₹ 72.93; 1 Apr 2015 ₹ 72.93). The facility required for generation of the agreed quantum of power was not ready as per agreed schedule on account of unexpected factors beyond the control of the Company, the Company proposed to MSEDCL, an arrangement to secure the energy from alternate sources for the short quantity required to meet the obligation under the power purchase agreement. MSEDCL, accepted the proposal and also confirmed that the energy supplied from alternate sources will also be subject to the tariff agreed under the power purchase agreement. However, after initial payments for the period April to June 2010, starting July 2010 to October 2010, MSEDCL, did not settle the entire dues billed and the certain amounts were withheld without any explanation. The Company 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 Company has filed an appeal before Appellate Tribunal for Electricity (APTEL) against the order of MERC and APTEL also rejected the appeal. The Company has filed an appeal before Honorable Supreme Court of India. During the year ended 31 Mar 2017 the Company received an unfavorable ruling on a claim against a state body MSEDCL as it was concluded the claims if allowed were against public interest and accordingly Company has impaired and written off the entire claim amount.

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

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

32 **Segment reporting**

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

33 **Related party transactions**

A. List of related parties and nature of relations

S.No.	Name of the related party	Nature of relationship
Enterprises where control exists		
1	KSK Energy Ventures Limited	Step-up holding company
2	KSK Electricity Financing India Private Limited	Holding company
3	Field Mining and Ispats Limited	Subsidiary company
Enterprises where significant influence exist		
1	KSK Mahanadi Power Company Limited	Fellow subsidiary company
2	KSK Energy Company Private Limited	Fellow subsidiary company
3	Sai Lilagar Power Generation Limited	Fellow subsidiary company
4	Sai Regency Power Corporation Private Limited	Fellow subsidiary company
5	KSK Water Infrastructures Private Limited	Fellow subsidiary company
6	Sitapuram Power Limited	Fellow subsidiary company
7	V S Lignite Power Private Limited	Fellow subsidiary company

B. Key management personnel

S.No.	Name	Nature of relationship
1	K A Sastry	Whole-time Director
2	S Kishore	Director
3	S Venkatesh	Director

C. Particulars of related party transactions for the year ended

		31 Mar 2017			31 Mar 2016		
S.No.	Nature of transaction	Holding / Step up holding	Fellow subsidiaries	Subsidiary	Holding / Step up holding	Fellow subsidiaries	Subsidiary
Transactions							
1	Interest expense	1.37	-	-	4.15	-	-
2	Interest expense on preference shares	40.35	12.44		36.51	12.44	-
3	Interest income	0.41	-	-	0.38	-	-
4	Management fees	10.40	-	-	12.38	-	-
5	Purchases of goods	8.67	-	-	23.90	0.03	-
6	Purchase of assets	-	-	-	-	0.01	-
7	Sale of electricity	-	3.63	-	-	2.53	-
8	Loan taken / (repaid)	(85.36)	3.47	-	68.46	17.37	-
9	Loan and advances given / (repaid)	(6.92)	(10.88)	-	6.92	6.03	0.01
10	Provision for doubtful receivables	-	-	-	-	-	1.90

D. Balances

S.No.	Nature of transaction	Holding / Step up holding	Fellow subsidiaries	Subsidiary
31 Mar 2017				
1	Amount receivable	-	3.16	0.01
2	Amount payable	30.69	51.15	-
3	Interest payable on preference shares	101.99	24.95	-
31 Mar 2016				
1	Amount receivable	7.26	13.48	-
2	Amount payable	121.27	47.69	-
3	Interest payable on preference shares	61.63	12.51	-
1 Apr 2015				
1	Amount receivable	-	4.93	-
2	Amount payable	23.81	39.52	-
3	Interest payable on preference shares	25.12	0.07	-

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

e) Corporate guarantees of ₹ 323.76 (31 Mar 2016: ₹ 392.77; 1 Apr 2015: ₹ 413.38), Letter of credits of ₹ 119.38 (31 Mar 2016: ₹ 111.33; 1 Apr 2015: ₹ 129.38) and Bank guarantees of ₹ 14.50 (31 Mar 2016: ₹ 0.75; 1 Apr 2015: ₹ Nil) has been given by step up holding company and fellow subsidiary company on behalf of the Company.

f) Corporate guarantees of ₹ 643.84 (31 Mar 2016: ₹ 643.84; 1 Apr 2015: ₹ 643.84), Letter of credits of ₹ 97.00 (31 Mar 2016: ₹ 99.05; 1 Apr 2015: ₹ Nil) has been given by the company on behalf of KSK Water Infrastructures Private Limited (fellow subsidiary) and Sai Lilagar Power Generation Limited (fellow subsidiary company)

34 Operating Leases :

The company has entered in to certain operating lease agreements. An amount of ₹ 1.53 (31 Mar 2016: ₹ 1.46) paid under such agreements has been disclosed as "Rent" under other expenses in statement of profit and loss.

35 Earnings/(loss) per share :

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Net profit / (loss) attributable to equity share holders	(18.38)	(243.39)
Less :Profit / (Loss) attributable to Class A share holders	(0.01)	(0.01)
Profit / (Loss) attributable to Class B share holders	(18.37)	(243.38)
Weighted average number of equity shares outstanding during the period (used for calculation of basic / diluted earnings per share)		
Class 'A'	105,076,818	102,623,460
Class 'B'	299,063,328	292,080,693
Basic & diluted EPS		
Class A shares	(0.001)	(0.001)
Class B shares	(0.61)	(8.33)
Face value of shares	10.00	10.00

36 First-time adoption of Ind-AS

The Company has adopted Ind AS from 1st Apr, 2016 and the date of transition to Ind AS is 1st Apr, 2015. These being the first financial statements in compliance with Ind AS, the impact of transition has been accounted for in opening reserves and comparable periods have been restated in accordance with Ind AS 101 –"First-time Adoption of Indian Accounting Standards". An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Following are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

a Deemed cost of property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all its property, plant and equipments and intangible assets recognised as of 1st Apr, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost on transition date.

b Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after transition date.

c Exchange differences on long term foreign currency borrowings

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

d Classification and measurement of financial assets

The Company has assessed classification and measurement of financial assets on the basis of facts and circumstances that exist as on transition date.

e Impairment of financial assets

The Company has applied impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

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

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for the prior periods. The following tables represents the reconciliations from previous GAAP to Ind AS.

37 Reconciliation of equity as at 1 Apr 2015

	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
I ASSETS				
1 Non-current assets				
a) Property, Plant and Equipment	1,5	2,348.59	(81.09)	2,267.50
b) Capital work in progress		14.72	-	14.72
c) Intangible assets		0.08	-	0.08
d) Intangible assets under development		1.22	-	1.22
e) Financial Assets				
i) Investments		42.00	-	42.00
ii) Loans		6.40	-	6.40
iii) Other financial assets		0.28	-	0.28
iv) Derivative assets	2	147.33	164.20	311.53
f) Deferred tax assets (net)		242.15	-	242.15
g) Other non current assets	1, 5	185.56	21.10	206.66
		2,988.33	104.21	3,092.54
2 Current assets				
a) Inventories		89.01	-	89.01
b) Financial Assets				
i) Trade receivables		302.68	-	302.68
ii) Cash and cash equivalents		11.03	-	11.03
iii) Other bank balances		57.78	-	57.78
iv) Loans		15.56	-	15.56
v) Other financial assets		9.86	-	9.86
c) Other current assets	1, 5	134.52	(7.85)	126.67
		620.44	(7.85)	612.59
		3,608.77	96.36	3,705.13
II EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	3, 4	829.33	(461.93)	367.40
b) Other equity	2, 3	(441.53)	(5.10)	(446.63)
		387.80	(467.03)	(79.23)
1 Non-current liabilities				
a) Financial Liabilities				
(i) Borrowings	3	2,038.03	338.35	2,376.38
(ii) Other financial liabilities	3	-	25.19	25.19
(iii) Derivative liability	2	29.86	135.74	165.60
b) Other non current liabilities	3, 4	-	33.72	33.72
c) Provisions		0.88	-	0.88
		2,068.77	533.00	2,601.77
2 Current liabilities				
a) Financial Liabilities				
(i) Borrowings		661.48	-	661.48
(ii) Trade payables		183.53	-	183.53
(iii) Other financial liabilities	5	297.59	(2.03)	295.56
(iv) Derivative liability	2	5.80	31.64	37.44
b) Other current liabilities	4	3.80	0.78	4.58
		1,152.20	30.39	1,182.59
		3,608.77	96.36	3,705.13

* The Previous GAAP figures have been reclassified to conform to IND AS presentation requirement for the purpose of this note

Sai Wardha Power Generation Limited (formerly known as Sai Wardha Power Limited)
Notes to financial statements
(All amounts are in ₹ Crores, unless otherwise stated)

Reconciliation of equity as at 31 Mar 2016

	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
I ASSETS				
1 Non-current assets				
a) Property, Plant and Equipment	1,5	2,332.13	(66.34)	2,265.79
b) Capital work in progress		40.09	-	40.09
c) Intangible assets		0.02	-	0.02
d) Intangible assets under development		1.22	-	1.22
e) Financial Assets				
i) Investments		42.00	-	42.00
ii) Loans		7.17	-	7.17
iii) Other financial assets		0.42		0.42
iv) Derivative assets	2	161.09	142.84	303.93
f) Deferred tax assets (net)		347.21	-	347.21
g) Other non current assets	1, 5	156.11	28.32	184.43
		3,087.46	104.82	3,192.28
2 Current assets				
a) Inventories		77.84	-	77.84
b) Financial Assets		-	-	
i) Trade receivables		304.27	-	304.27
ii) Cash and cash equivalents		2.25	-	2.25
iii) Other bank balances		55.80	-	55.80
iv) Loans		29.07	-	29.07
v) Other financial assets		9.23	-	9.23
c) Other current assets	1, 5	78.09	(7.87)	70.22
		556.55	(7.87)	548.68
		3,644.01	96.95	3,740.96
II EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	3	838.88	(434.74)	404.14
b) Other equity	2, 3	(643.54)	(46.61)	(690.15)
		195.34	(481.35)	(286.01)
2 Non-current liabilities				
a) Financial Liabilities				
(i) Borrowings	3	2,062.09	322.38	2,384.47
(ii) Other financial liabilities		-	74.14	74.14
(iii) Derivative liability	2	40.91	110.24	151.15
b) Other non current liabilities	3, 4	-	39.41	39.41
c) Provisions		1.45	-	1.45
		2,104.45	546.17	2,650.62
3 Current liabilities				
a) Financial Liabilities				
i) Borrowings		706.37	-	706.37
ii) Trade payables		196.35	-	196.35
iii) Other financial liabilities	5	433.32	(1.94)	431.38
iv) Derivative liability	2	5.77	33.29	39.06
b) Other current liabilities	4	2.41	0.78	3.19
		1,344.22	32.13	1,376.35
		3,644.01	96.95	3,740.96

* The Previous GAAP figures have been reclassified to conform to IND AS presentation requirement for the purpose of this note

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

Reconciliation of total comprehensive income for the year ended 31 Mar 2016.

	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
Revenue from operations	6	789.50	(14.50)	775.00
Other income	4	5.35	0.79	6.14
Total revenue		794.85	(13.71)	781.14
Expenses				
Cost of fuel consumed		461.45	-	461.45
Employee benefits expenses	7	21.78	(0.20)	21.58
Finance costs	2, 5, 3	348.19	42.55	390.74
Other expenses	6	165.06	(13.74)	151.32
Depreciation and amortisation expenses	8	105.43	(1.00)	104.43
Total expenses		1,101.91	27.61	1,129.52
Profit / (loss) before tax		(307.06)	(41.32)	(348.38)
Tax expense / (income)				
Deferred tax		(104.99)	-	(104.99)
Total tax expense / (income)		(104.99)	-	(104.99)
Profit / (Loss) after tax		(202.07)	(41.32)	(243.39)
Other comprehensive income / (loss) after tax				
Items that will not be reclassified to profit or loss	7	-	(0.20)	(0.20)
Income tax relating to above		0.07	-	0.07
Other comprehensive income / (loss), net of tax		0.07	(0.20)	(0.13)
Total Comprehensive Income / (loss) for the year		(202.00)	(41.52)	(243.52)

* The Previous GAAP figures have been reclassified to conform to IND AS presentation requirement for the purpose of this note

Impact of Ind AS adoption on the statement of cash flows for the year ended 31 Mar 2016

	Notes to first-time	Previous GAAP	Adjustments	Ind AS
Net cash from operating activities	10	262.73	2.17	264.90
Net cash from investing activity	10	(33.92)	7.60	(26.32)
Net cash from financing activities	10	(237.59)	(9.77)	(247.36)
Net increase / (decrease) in cash and cash equivalents		(8.78)	-	(8.78)
Cash and cash equivalents as at 1 April 2015		11.03	-	11.03
Cash and cash equivalents as at 31 March 2016		2.25	-	2.25

1 Lease

As per Ind AS 17, payments for leasehold land under an operating lease (considering that it has indefinite economic life), shall be recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Amounts paid over and above the lease rentals due amounting to ₹ 65.69 (1 Apr 2015: ₹ 66.45)is shown as prepaid expenses under other assets. However under previous GAAP the same has been recorded and classified under Property, plant and equipment.

2 Fair valuation of foreign currency option contract:

As per Ind AS, derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Thus the retain earning is decreased by ₹ 3.17 (1 Apr 2015: ₹ 3.17)

Consequent to above, loss has decreased by ₹ 16.23 for the year ended 31 Mar 2016.

Sai Wardha Power Generation Limited (formerly known as Sai Wardha Power Limited)
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3 Redeemable preference shares

The Company has issued redeemable preference shares. The preference shares carry fixed cumulative dividend which is non-discretionary. Under Indian GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit.

Under Ind AS redeemable preference shares have been classified as liability based on the terms of the contract. Interest on liability component is recognised using the effective interest method. Thus the preference share capital is reduced by ₹ 398.00 (1 Apr 2015: ₹ 425.19) with a corresponding increase in borrowings as liability component by ₹ 375.52 (1 Apr 2015: ₹ 400.94) and increase in retained earnings by ₹ 22.48 (1 Apr 2015: ₹ 24.25)

Accordingly interest expense and dividend tax for the year is recognised under finance costs & rates and taxes respectively due to which loss for the year ended 31 Mar 2016 has increased by ₹ 57.19.

4 Deferred Revenue:

As per Ind AS, the non-refundable contributions received from captive consumers of the Company in the form of preference shares redeemable at ₹ 1 at the end of the agreement are recognised as deferred revenue in the balance sheet and transferred to statement of profit or loss on a systematic and rational basis over life of the term of the relevant agreement. Accordingly preference share capital is reduced by ₹ 36.73 (1 Apr 2015: ₹ 36.73) with the corresponding increase in deferred revenue by ₹ 33.68 (1 Apr 2015: ₹ 34.47) and retained earnings by ₹ 3.05 (1 Apr 2015: ₹ 2.26)

However under previous GAAP, the same are recognised under share capital.
Due to this change loss for the year ended 31 Mar 2016 has decreased by ₹ 0.79.

5 Borrowings:

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit or loss (or capitalised as part of property plant and equipment) as and when incurred.

Accordingly, borrowings as at 31 Mar 2016 have been reduced by ₹ 55.08 (1 Apr 2015: ₹ 64.62) with a corresponding adjustment of ₹ 9.84 (1 Apr 2015: ₹ 11.42) to property,plant and equipment (net of cumulative depreciation impact),to other assest ₹ 45.25 (1 Apr 2015 : ₹ 53.20).

6 Revenue:

As per definition of Revenue under Ind AS 18, the Company recognises revenue at the fair value of consideration received or receivable. Any sales incentive, discounts or rebates in any form, including cash discounts given to customers is considered as selling price reductions and accounted as reduction from revenue. Under previous GAAP, some of these costs were included in 'Other expenses'.

7 Re-measurements of post-employment benefit obligations:

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended 31 Mar, 2016 decreased by ₹ 0.13. There is no impact on the total equity as at 31 Mar 2016 and as at 31 Mar 2015.

8 Retained earnings:

Retained earnings as at 1 Apr 2015 and 31 Mar 2016 has been adjusted, consequent to the above Ind AS transition adjustments.

9 Other comprehensive income:

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

10 Statement of cash flows:

The transition from previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

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

38 Financial risk managament objectives and policies

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

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

Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price-risk, such as commodity risk.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates for instruments not hedged against interest rate fluctuation at the end of the reporting period. The said analysis has been carried on the amount of floating rate long term liabilities Outstanding at the end of the reporting period. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

In case of fluctuation in interest rates by 50 basis points and all other variables were held constant, the Company's profit before tax for the year would increase or decrease as follows:

Currency	Change in basis points	Effect on profit before tax / equity	
		31 Mar 2017	31 Mar 2016
₹	+50	(4.15)	(3.94)
$	+50	(4.70)	(5.13)
₹	-50	4.15	3.94
$	-50	4.70	5.13

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Companys's exposure to the risk of changes in foreign exchange rates relates primarily to foreign currency borrowings and imports of raw-material, spares and capital goods.

The Company manages its foreign currency risk by hedging transactions that are expected to realise in near future by using foreign currency forward and option contracts. Short-term foreign exchange exposures are hedged progressively based on their maturity. Long term exposures are normally unhedged, however the Company had hedged some of the long term loans by entering in to currency options.

Derivative instruments and unhedged foreign currency exposure

a. Derivative contracts entered in to by the Company and outstanding as at the Balance sheet date

	Purpose	31 Mar 2017	31 Mar 2016	1 Apr 2015
Currency option contracts	Hedge of foreign currency loans	1,030.63	1,052.47	995.65
		$15.89	$15.89	$15.89
Forward contracts	Hedge of foreign currency loans	-	-	10.58
		$0	$0	$0.17

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

b. Particulars of unhedged foreign currency exposure :

Particulars	31 Mar 2017	31 Mar 2016	1 Apr 2015
Import creditors (including retention money)	0.52	29.60	29.60
	$0.01	$0.45	$0.45
Loans	721.15	802.69	(215.54)
	$11.12	$12.12	$12.62
Interest outstanding	81.11	46.40	46.40
	$1.25	$0.70	$0.70
Receivables	28.59	40.34	40.34
	$0.44	$0.61	$0.61
Premium payable	17.19	5.77	5.77
	$0.26	$0.09	$0.09

The Company's exposure to foreign currency arises where the Company holds monetary assets and liabilities denominated in a currency different to the functional currency with US dollar being the major foreign currency exposure of the Company. Set out below is the impact of a 5% change in the US dollar on profit and equity arising as a result of the revaluation of the Company's foreign currency financial instruments:

31 Mar 2017	Closing exchange rate	Effect of 5% strengthening of US $ on net earnings	Effect of 5% strengthening of US $ on total equity
US Dollar	64.8805	3.51	3.51

31 Mar 2016	Closing exchange rate	Effect of 5% strengthening of US $ on net earnings	Effect of 5% strengthening of US $ on total equity
US Dollar	66.2558	2.07	2.07

Commodity price risk

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

Credit risk analysis

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

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

	Note	Carrying value		
		31 Mar 2017	31 Mar 2016	1 Apr 2015
Trade receivables	8	303.09	304.27	302.68
Short term deposits with banks	15	40.88	55.80	57.78
Loans	10	23.33	36.24	21.96
Other financial asset	9	4.34	9.65	10.14
		371.64	405.96	392.56

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

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

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

The Company's maximum exposure for financial guarantees are noted in note 31

The Company's management believes that all the above financial assets are not impaired for each of the reporting dates under review and are of good credit quality (refer note 31).

Liquidity risk analysis

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

The Company requires funds mainly for operational needs.

The following is an analysis of the Company's contractual undiscounted cash flows payable under financial liabilities at 31 Mar 2017:

	Current	Non-current		
	within 12 months	1-5 years	Later than 5 years	Total
Loan and borrowings	990.03	2,263.21	1,560.76	4,814.00
Trade and other payables	378.82	-	-	378.82
Other financial liabilities	712.55	-	126.94	839.49
Derivative liabilities	47.03	78.12	-	125.15
Total	**2,128.43**	**2,341.33**	**1,687.70**	**6,157.46**

The following is an analysis of the Company's contractual undiscounted cash flows payable under financial liabilities at 31 Mar 2016:

	Current	Non-current		
	within 12 months	1-5 years	Later than 5 years	Total
Loan and borrowings	1,126.26	1,935.25	2,103.86	5,165.37
Trade and other payables	196.35	-	-	196.35
Other financial liabilities	431.37	-	74.14	505.51
Derivative liabilities	39.06	106.68	3.56	149.30
Total	**1,793.04**	**2,041.93**	**2,181.56**	**6,016.53**

The following is an analysis of the Company's contractual undiscounted cash flows payable under financial liabilities at 1 Apr 2015:

	Current	Non-current		
	within 12 months	1-5 years	Later than 5 years	Total
Loan and borrowings	959.67	1,333.12	2,772.62	5,065.41
Trade and other payables	183.53	-	-	183.53
Other financial liabilities	295.56	-	25.19	320.75
Derivative liabilities	37.30	116.00	19.73	173.03
Total	**1,476.06**	**1,449.12**	**2,817.54**	**5,742.72**

Capital management

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

- Ensure Company's ability to meet both its long-term and short-term capital needs as a going concern;
- Constantly evolve multiple funding alternatives – equity and /or preference capital, senior and /or subordinated debt, corporate loan facilities to arrive at an optimal capital mix;

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

No changes were made in the objectives, policies or processes during the year ended 31 March 2017 and 31 March 2016.

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

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

	31 Mar 2017	31 Mar 2016	1 Apr 2015
Total borrowing	3,129.13	3,349.42	3,196.45
Less : Cash and bank balances	(2.99)	(2.25)	(11.03)
less : Other bank balances	(40.88)	(55.80)	(57.78)
Net debt	3,085.26	3,291.37	3,127.64
Equity	304.26	286.00	79.22
Total equity	304.26	286.00	79.22
Net debt to equity ratio	10.14	11.51	39.48

Financial Instruments

Carrying amounts versus fair values

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

	Carrying amount 31 Mar 2017	Fair value 31 Mar 2017	Carrying amount 31 Mar 2016	Fair value 31 Mar 2016	Carrying amount 1 Apr 2015	Fair value 1 Apr 2015
Non- current financial assets						
Investments - At fair value through other comprehensive income	-	-	42.00	42.00	42.00	42.00
Loans	7.21	7.21	7.17	7.17	6.40	6.40
Other financial asset	0.50	0.50	0.42	0.42	0.28	0.28
Derivative assets	261.45	261.45	303.93	303.93	311.53	311.53
Total non-current	269.16	269.16	353.52	353.52	360.21	360.21
Current financial assets						
Trade receivables	303.09	303.09	304.27	304.27	302.68	302.68
Cash and bank balances	2.99	2.99	2.25	2.25	11.03	11.03
Other bank balances	40.88	40.88	55.80	55.80	57.78	57.78
Loans	16.12	16.12	29.07	29.07	15.56	15.56
Other financial asset	3.84	3.84	9.23	9.23	9.86	9.86
Total current	366.92	366.92	400.62	400.62	396.91	396.91
Total	636.08	636.08	754.14	754.14	757.12	757.12
Non- current financial liabilities						
Borrowings	2,293.02	2,293.02	2,384.47	2,384.47	2,376.38	2,376.38
Other financial liabilities	126.94	126.94	74.14	74.14	25.19	25.19
Derivative liabilities	89.64	89.64	151.15	151.15	165.59	165.59
Total non-current	2,509.60	2,509.60	2,609.76	2,609.76	2,567.16	2,567.16
Current financial liabilities						
Borrowings	598.22	598.22	706.37	706.37	661.48	661.48
Trade payables	378.82	378.82	196.35	196.35	183.53	183.53
Other financial liabilities	712.55	712.55	431.37	431.37	295.56	295.56
Derivative liabilities	47.03	47.03	39.06	39.06	37.44	37.44
Total current	1,736.62	1,736.62	1,373.15	1,373.15	1,178.01	1,178.01
Total	4,246.22	4,246.22	3,982.91	3,982.91	3,745.17	3,745.17

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

39 **Fair value hierarchy**

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

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

31 Mar 2017	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative assets	-	261.45	-	261.45
Total	-	261.45	-	261.45
Financial liabilities measured at fair value				
Interest rate swaps	-	11.52	-	11.52
Option premium payable	-	125.14	-	125.14
Total	-	136.66	-	136.66

The Compnay recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the transfer has occurred. During the year ended 31 March 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation of Level 3 fair value measurements of financial assets:

31 Mar 2017	Total
Opening balance	42
Total gains or losses:	
- in income statement	-
- in other comprehensive income	-
change in fair value of financial asset	-
Settlements	(42)
Transfers into level 3	-
Closing balance	-

31 Mar 2016	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity securities - At fair value through other comprehensive income	-	-	42.00	42.00
Derivative assets	-	303.93	-	303.93
Total	-	303.93	42.00	345.93
Financial liabilities measured at fair value				
Interest rate swaps	-	40.91	-	40.91
Option premium payable	-	149.30	-	149.30
Total	-	190.21	-	190.21

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

Reconciliation of Level 3 fair value measurements of financial assets:

31 Mar 2016	Total
Opening balance	42
Total gains or losses:	
- in income statement	-
- in other comprehensive income	-
change in fair value of financial asset	-
Settlements	-
Transfers into level 3	-
Closing balance	42

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

1 Apr 2015	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity securities - At fair value through other comprehensive income	-	-	42.00	42.00
Derivative assets	-	311.53	-	311.53
Total	-	311.53	42.00	353.53
Financial liabilities measured at fair value				
Interest rate swaps	-	29.86	-	29.86
Option premium payable	-	173.03	-	173.03
Forward cover		0.14	-	0.14
Total	-	203.03	-	203.03

Valuation techniques

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

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

40 Disclosure on Specified Bank Notes (SBN's)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBN's*	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	0.04	0.01	0.05
(+) Permitted receipts	-	0.03	0.03
(-) Permitted payments	-	0.04	0.04
(-) Amount deposited in Banks	0.04	-	0.04
Closing cash in hand as on December 30, 2016	-	0.01	0.01

* It is further stated that the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

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

41 The Company has incurred an amount of ₹ 0.19 (31 Mar, 2016: ₹ 0.69) towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 and is included in other expenses.

Particulars	31 Mar 2017		31 Mar 2016	
	In cash	Yet to be paid	In cash	Yet to be paid
(a) Gross amount required to be spend	-	-	-	-
(b) Amount spend on				
(i) Construction/Acquisition of asset	-	-	-	-
(ii) On purpose other than (i) above	0.19	-	0.69	-
Total	**0.19**	-	**0.69**	-

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/-
K A Sastry
Whole-time Director
DIN - 00006566

Sd/-
S Kishore
Director
DIN - 00006627

Place: Hyderabad
Date: 26 May 2017

Sd/-
C Srinivas
Chief Financial Officer

Sd/-
Deepa Dutta
Company Secretary