V S Lignite Power Private Limited
Balance Sheet as at 31 March 2017
(All amounts are in ₹ Crores, unless otherwise stated)

	Note	31-Mar-17	31-Mar-16	1-Apr-15
I ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	5	620.71	650.05	666.42
(b) Capital work-in-progress	5	1.21	1.80	0.66
(c) Other Intangible assets	6	131.50	137.75	20.86
(d) Financial Assets				
(i) Investments	7	15.76	15.76	15.76
(ii) Loans	8	4.54	4.26	4.49
(iii) Other financial assets	9	6.04	5.80	10.75
(e) Deferred tax assets (net)	10	42.93	33.57	4.98
(f) Other non-current assets	11	4.62	5.91	106.33
		827.32	**854.90**	**830.25**
2 Current assets				
(a) Inventories	12	26.39	27.13	27.35
(b) Financial Assets				
(i) Trade receivables	13	55.31	77.82	59.23
(ii) Cash and cash equivalents	14	0.39	6.47	3.83
(iii) Bank balances other than (ii) above	15	1.98	2.40	0.32
(iv) Loans	8	0.08	2.95	0.07
(v) Other financial assets	9	0.30	0.23	0.08
(c) Other current assets	11	6.80	7.65	6.38
		91.25	**124.64**	**97.26**
Total Assets		**918.57**	**979.54**	**927.51**
II EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	16	160.00	160.00	160.00
(b) Other Equity	16	(364.94)	(205.84)	(136.74)
		(204.94)	**(45.84)**	**23.26**
1 **Non-current liabilities**				
(a) Financial Liabilities				
(i) Borrowings	17	600.21	633.47	571.99
(ii) Other financial liabilities	18	140.71	126.92	113.13
(b) Provisions	19	54.92	51.70	47.84
(c) Other non-current liabilities	20	28.65	25.84	23.03
		824.48	**837.92**	**755.98**
2 Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	131.08	79.15	44.25
(ii) Trade payables	21	78.62	51.24	34.15
(iii) Other financial liabilities	18	78.65	51.27	66.51
(b) Other current liabilities	20	10.68	5.79	3.36
		299.02	**187.46**	**148.27**
Total Equity and Liabilities		**918.57**	**979.54**	**927.51**

See accompanying notes to the financial statements

As per our audit report of even date
for Umamaheswara Rao & Co
Chartered Accountants
FRN : 004453S

for and on behalf of the Board

Sd/-
S Venugopal
Partner
Membership No. 205565

Sd/-
K Bapi Raju
Whole-time Director
DIN - 00940849

Sd/-
K A Sastry
Director
DIN - 00006566

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Praneeth Abhishek
Company Secretary

Place : Hyderabad
Date : 26 May 2017

V S Lignite Power Private Limited
Statement of Profit and Loss for the year ended 31 March 2017
All amounts are in ₹ Crores, unless otherwise stated

		Note	Year ended 31 Mar 2017	Year ended 31 Mar 2016
I	Revenue from operations	22	66.45	190.85
II	Other Income	23	0.70	2.93
III	**Total revenue (I+II)**		**67.15**	**193.78**
IV	**Expenses**			
	Cost of fuel consumed	24	36.65	66.43
	Employee benefits expense	25	14.42	8.79
	Finance costs	26	98.50	109.45
	Other expenses	27	49.76	70.34
	Depreciation and amortisation expenses	5 & 6	36.29	36.33
	Total expenses		**235.63**	**291.34**
V	**(Loss)/ profit before tax (III - IV)**		**(168.47)**	**-97.56**
VI	**Tax expense/(income)**			
	Deferred Tax	10	(9.36)	-28.60
	Total tax expenses / (income)		**(9.36)**	**-28.60**
VII	**(Loss)/ profit after tax (V - VI)**		**(159.11)**	**-68.96**
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plans	28	(0.02)	0.14
	Total Other Comprehensive Income		**(0.02)**	**0.14**
IX	**Total comprehensive (loss)/income for the year (VII+VIII)**		**(159.10)**	**(69.10)**
X	**Earnings per equity share**	33		
	Basic and diluted - face value of Rs.10 per share			
	Class A shares		(0.00)	(0.00)
	Class B shares		(11.87)	(5.15)

See accompanying notes to financial statements

As per our audit report of even date
for Umamaheswara Rao & Co
Chartered Accountants
FRN : 004453S

for and on behalf of the Board

Sd/-
S Venugopal
Partner
Membership No. 205565

Sd/-
K Bapi Raju
Whole-time Director
DIN - 00940849

Sd/-
K A Sastry
Director
DIN - 00006566

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Praneeth Abhishek
Company Secretary

Place : Hyderabad
Date : 26 May 2017

VS Lignite Power Private Limited

Cash flow statement for the year ended 31 March 2017

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

		31-Mar-17	31-Mar-16
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(168.47)	(97.56)
Adjustments for:			-
Depreciation and amortisation expenses		36.29	36.33
Finance cost		98.50	109.45
Interest income		(0.45)	(1.17)
Dividend income		-	(1.56)
Profit on disposal of asset		-	(0.05)
Operating profit before working capital changes		**(34.14)**	**45.45**
Adjustments for working capital			-
Inventories		0.74	0.22
Trade receivables		22.50	(18.58)
Other current assets		1.81	(3.24)
Trade payables		27.37	15.97
Other Liabilities and provisions		8.80	13.40
Cash generated from operations		**27.09**	**53.21**
Income tax (paid)/refund		0.30	1.28
Net cash from operating activities		**27.39**	**54.49**
CASH FLOW FROM INVESTING ACTIVITIES			-
Purchase of fixed assets including capital work in progress		(0.07)	(39.66)
Refund of advance for acquisition of fixed asset		-	42.00
Sale of fixed assets		-	0.05
Inter corporate deposits-net		2.87	-
(Investment)/redemption of bank deposits		(0.87)	2.55
Dividend income		-	1.56
Interest income		1.43	1.25
Net cash from/(used in) investing activities		**3.36**	**7.75**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		-	75.00
Repayment of long term borrowings		(19.20)	(95.00)
Proceeds from /(repayment of) short term borrowing (net)		51.93	34.90
Payment of finance cost		(69.56)	(74.48)
Net cash used in financing activities		**(36.83)**	**(59.59)**
Net increase/(decrease) in cash and cash equivalents		(6.08)	2.65
Cash and cash equivalent - opening balance	14	6.47	3.83
Cash and cash equivalent - closing balance	14	**0.39**	**6.47**

As per our audit report of even date attached

for Umamaheswara Rao & Co
Chartered Accountants
FRN : 004453S

Sd/-
S Venugopal
Partner
Membership No. 205565

for and on behalf of the Board

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Director
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Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Praneeth Abhishek
Company Secretary

Place : Hyderabad
Date : 26 May 2017

V S Lignite Power Private Limited
Statement of Changes in Equity for the year ended 31 March 2017
(All amounts are in ₹ Crores, unless otherwise stated)

16 **A. Equity Share Capital**

Particulars	No of Shares	Amount
Balance as at 1 April 2015		
Class A of Rs.10/- each	26,000,018	26.00
Class B of Rs.10/- each	134,000,000	134.00
	160,000,018	**160.00**
Changes in equity share capital during the year	-	-
Balance as ast 31 March 2016		
Class A of Rs.10/- each	26,000,018	26.00
Class B of Rs.10/- each	134,000,000	134.00
	160,000,018	**160.00**
Balance as at 1April 2016		
Class A of Rs.10/- each	26,000,018	26.00
Class B of Rs.10/- each	134,000,000	134.00
	160,000,018	**160.00**
Changes in equity share capital during the year	-	-
Balance as ast 31 March 2017	**-**	**-**
Class A of Rs.10/- each	26,000,018	26.00
Class B of Rs.10/- each	134,000,000	134.00
	160,000,018	**160.00**

B. Other Equity

Particulars	Retained earnings	Total
Balance as at 1st April, 2015	(136.74)	(136.74)
(Loss)/profit for the year	(68.96)	(68.96)
Remeasurement of defined benefit plans, net of tax	(0.14)	(0.14)
Total comprehensive (loss)/profit for the year	**(69.10)**	**(69.10)**
Balance as at 31 March 2016	(205.84)	(205.84)
Balance as at 1st April, 2016	(205.84)	(205.84)
(Loss)/profit for the year	(159.11)	(159.11)
Remeasurement of defined benefit plans, net of tax	0.02	0.02
Total Comprehensive Income for the year	**(159.10)**	**(159.10)**
Balance as at 31 March 2017	**(364.94)**	**(364.94)**

See accompanying notes to financial statements

As per our audit report of even date
for Umamaheswara Rao & Co
Chartered Accountants
FRN : 004453S

Sd/-
S Venugopal
Partner
Membership No. 205565

Place : Hyderabad
Date : 26 May 2017

for and on behalf of the Board

Sd/-
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Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Praneeth Abhishek
Company Secretary

V S Lignite Power Private Limited
Notes to Financial statements
(All amounts are in ₹ Crores, unless otherwise stated)

1 Corporate Information

VS Lignite Power Private 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 - 500 033, Telangana. The Company is engaged in the business of generation of electricity. The Company was set up to build and operate a 135 MW group captive power plant in Bikaner district of Rajasthan, to cater to the power requirements of various captive consumers.

2 Basis of preparation

A Statement of Compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 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 34.

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

B Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.
Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013.

C Basis of measurement

These financial statements have been prepared on historical cost basis except

- 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 Accounting 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.

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

Depreciation is computed, 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
Furntiture & 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.

The Company has reassessed the value of Property, plant and equipment as on the date of transition i.e. 1 April 2015. Based on technical assessment, the Company observed that the actual utilisation of asset is much lesser than rated potential capacity and plant has actually suffered minimal wear and tear whereas the depreciation charge is much higher because of using written down method (WDV) of depreciation. Hence, considering such mismatch between asset utilisation and depreciation policy, management consider charging depreciation under straight line method (SLM) is more appropriate and also being reflective of the actual pattern of utilisation of asset. Accordingly, the Company on the date of transition has arrived the deemed cost of proper plant and equipment as per SLM, duly adjusting the impact of such change amounting to ₹ 236.14 crores in the retained earnings.

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)
Mining asset	20
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 except for cost of site restoration cost pursuant to Ind AS .

3.3 **Mining assets**

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

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

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

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

3.4 **Foreign currency translation**

The functional currency of the Company is Indian Rupee.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currency at the foreign exchange rate ruling at that date.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

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).

3.5 Revenue recognition

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

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

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

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

3.6 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.

3.7 **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.

3.8 **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
- 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 within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVTOCI

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

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

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

Debt instrument at FVTPL

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

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

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

Equity investments

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

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

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

Derecognition

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

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

Impairment of financial asset

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

3.9 **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. The Company's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and other financial liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depend 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.

3.10 **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.

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
- 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.

3.11 **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.

3.12 **Borrowing costs**

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

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

3.13 **Impairment of non-financial assets**

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

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

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

3.14 **Cash and short-term deposits**

Cash and short-term deposits in the Balance Sheet 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.

3.15 **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.

3.16 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.

Decommissioning and restoration liability

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

Employee state Insurance Scheme

Some employees of the Company are covered under “Employees State Insurance Scheme Act 1948”, which are also defined contribution schemes recognized and administered by Government of India.
The Company's contributions to these schemes are recognized as expense in statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligation under these plans 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 including change in law claim are subject to adjudicate at appropriate regulatory authorities.

- *Estimation of liabilities for decommissioning and restoration costs*: Provisions for decommissioning and restoration costs require assessment of the amounts that the Company will have to pay and assumptions in terms of phasing and discount rate.

- *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.

V S Lignite Power Private Limited
Notes to Financial Statements
(All amounts are in ₹ Crores, unless otherwise stated)

5 **Property, plant and equipment**

	Land-Freehold	Buildings	Plant & Equipment	Furntiure & fixtrures	Vehicles	Office Equipment & Computers	Total	Capital work in progress
Deemed cost								
As at 1 April 2015	34.68	63.01	567.64	0.09	0.65	0.35	666.42	0.66
Additions	0.54	-	12.53	0.04	0.32	0.07	13.49	1.13
Disposals/transfers	(0.02)	-	-	-	(0.18)	(0.09)	(0.29)	-
As at 31 Mar 2016	35.20	63.01	580.17	0.14	0.78	0.32	679.62	1.80
As at 1 April 2016	35.20	63.01	580.17	0.14	0.78	0.32	679.62	1.80
Additions	-	0.63	-	0.00	-	0.00	0.64	-
Disposals/transfers	-	-	-	-	-	-	-	(0.58)
As at 31 Mar 2017	**35.20**	**63.64**	**580.17**	**0.14**	**0.78**	**0.32**	**680.26**	**1.21**
Depreciation								
As at 1 April 2015								
Additions		2.28	27.19	0.02	0.20	0.11	29.81	-
Disposals/transfers					(0.17)	(0.07)	(0.24)	-
As at 31 Mar 2016	**-**	**2.28**	**27.19**	**0.02**	**0.04**	**0.04**	**29.57**	**-**
As at 1 April 2016	-	2.28	27.19	0.02	0.04	0.04	29.57	-
Additions		2.29	27.35	0.02	0.21	0.10	29.98	-
Disposals/transfers	-	-	-	-	-	-	-	-
As at 31 Mar 2017	**-**	**4.57**	**54.54**	**0.05**	**0.25**	**0.14**	**59.55**	**-**
Net book value								
As at 1 April 2015	34.68	63.01	567.64	0.09	0.65	0.35	**666.42**	0.66
As at 31 Mar 2016	35.20	60.73	552.98	0.11	0.75	0.28	**650.05**	1.80
As at 31 Mar 2017	35.20	59.07	525.63	0.09	0.54	0.18	**620.71**	1.21

Property, plant and equipment with a carrying amount of ₹ 621.92 (31 March 2016: ₹ 651.85; 1 April 2015: ₹ 667.08) is subject to security restrictions (refer note 16)

6 **Intangible assets**

	Computer software	Mining asset	Total
Deemed cost			
As at 1 April 2015	0.53	20.33	20.86
Additions	-	123.39	123.39
As at 31 March 2016	**0.53**	**123.39**	**144.25**
As at 1 April 2016	0.53	123.39	144.25
Additions	0.07	-	0.07
As at 31 March 2017	**0.60**	**123.39**	**144.32**
Depreication			
As at 1 April 2015			-
Additions	0.32	6.19	6.50
As at 31 March 2016	**0.32**	**6.19**	**6.50**
As at 1 April 2016	0.32	6.19	6.50
Additions	0.21	6.10	6.31
As at 31 March 2017	**0.53**	**12.29**	**12.82**
Net book value			
As at 1 April 2015			20.86
As at 31 March 2016			137.75
As at 31 March 2017			131.50

Intangible assets with a carrying amount of ₹ 131.50 (31 March 2016: ₹ 137.75; 1 April 2015: ₹ 20.86) is subject to security restrictions (refer note 16)

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

7 Investments

	31-Mar-17	31-Mar-16	1-Apr-15
Non-current investments			
Investments in equity instruments			
(unquoted, fully paid-up)			
Investments in subsidiary at cost			
2,251,600 (31 Mar 2016 - 2,251,600; 1 Apr 2015 - 2,251,600) equtiy shares of Rs 10 each in Sai Maithili Power Company Private Limited	15.76	15.76	15.76
	15.76	**15.76**	**15.76**
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments	15.76	15.76	15.76
Aggregate amount of impairment in the value of investments	-	-	-

8 Loans

	31-Mar-17	31-Mar-16	1-Apr-15
Non-current			
Unsecured, considered good			
Security Deposits	4.54	4.26	4.49
Total (A)	**4.54**	**4.26**	**4.49**
Current			
Unsecured, considered good			
Other receivables	0.08	2.95	0.07
Total (B)	**0.08**	**2.95**	**0.07**
Total (A+B)	**4.62**	**7.21**	**4.57**

9 Other financial assets

	31-Mar-17	31-Mar-16	1-Apr-15
Non-current			
Deposits with banks	5.97	4.68	9.31
Interest accrued on deposits	0.07	1.11	1.44
Total (A)	**6.04**	**5.80**	**10.75**
Current			
Interest accrued on deposits	0.30	0.23	0.08
Total (B)	**0.30**	**0.23**	**0.08**
Total (A+B)	**6.34**	**6.03**	**10.83**

The Company has pledged its deposits with banks amounting to ₹ 5.97 (31 March 2016: ₹ 4.68; 1 April 2015: ₹ 9.31) in order to fulfill collateral requirements.

10 Deferred tax asset (net)

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

	1-Apr-16	Recognised in P&L	31-Mar-17
Deferred income tax assets			
Property, plant and equipment	7.97	-7.97	-
Unused tax losses carried forward	89.32	-46.39	42.93
	97.29	**-54.36**	**42.93**
Deferred income tax liabilities			
Property, plant and equipment	63.72	-63.72	-
	63.72	**-63.72**	**-**
Deferred income tax asset, net	**33.57**	**9.36**	**42.93**

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

	1-Apr-15	Recognised in P&L	31-Mar-16
Deferred income tax assets			
Property, plant and equipment	7.13	0.84	7.97
Unused tax losses carried forward	49.30	40.02	89.32
	56.44	**40.86**	**97.29**
Deferred income tax liabilities			
Property, plant and equipment	51.46	12.26	63.72
	51.46	12.26	63.72
Deferred income tax asset, net	**4.98**	**28.60**	**33.57**

The company has tax losses in ₹ 434.80 (2016: ₹ 258.05) that are available for offset against future taxable profits. Deferred tax assets have not been recognised fully in respect of these losses as they may not be used to offset taxable profits elsewhere in the company. The Company evaluated and concluded that it is not probable that deferred tax assets on existing tax losses will be recovered.

Tax Reconciliation

Reconciliation between tax expense and the product of accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2017 and 31 March 2016 is as follows:

	31-Mar-17	31-Mar-16
Accountig pofit before tax	(168.47)	(97.56)
Enacted tax rates	34.61%	34.61%
Tax on Profit at enacted rates	(58.31)	(33.76)
Expenditure not deductible for tax purpose	7.29	7.44
Unrecognised deferred tax assets	14.77	-7.36
Deferred tax on land indexation	(7.97)	(0.84)
Change in unrecognised temporary differences	53.58	6.60
Others	(0.01)	(0.68)
Actual tax expense	**9.36**	**(28.60)**

11 Other assets

	31-Mar-17	31-Mar-16	1-Apr-15
Non-current assets			
Advance tax & TDS receivable (*net of provision for tax*)	0.29	0.59	1.87
Capital Advances	0.11	0.14	98.11
Prepaid expenses	4.18	5.14	6.31
Prepaid lease rentals	0.04	0.04	0.04
Total (A)	**4.62**	**5.91**	**106.33**
Current assets			
Prepaid expenses	1.97	0.93	2.08
Advance for goods/services	1.00	2.53	1.84
Other advances	0.77	0.77	0.77
Balances with statutory authorities	3.06	3.42	1.69
Prepaid lease rentals	0.00	0.00	0.00
Total (B)	**6.80**	**7.65**	**6.38**
Total (A+B)	**11.42**	**13.56**	**112.71**

12 Inventories

	31-Mar-17	31-Mar-16	1-Apr-15
(at lower of cost or net realisable value)			
Fuel	1.61	1.15	1.43
Stores and spares	24.73	25.92	25.74
Material In Transit	0.05	0.05	0.18
	26.39	**27.13**	**27.35**

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

13 Trade receivables

	31-Mar-17	31-Mar-16	1-Apr-15
Secured, considered good	37.85	37.85	41.82
Unsecured, considered good	17.47	39.97	17.41
Total	**55.31**	**77.82**	**59.23**

14 Cash and cash equivalents

	31-Mar-17	31-Mar-16	1-Apr-15
Balances with banks			
On current account	0.38	6.43	3.79
Cash on hand	0.01	0.04	0.04
Total	**0.39**	**6.47**	**3.83**

15 Other bank balances

Deposits with banks	1.98	2.40	0.32
Total	**1.98**	**2.40**	**0.32**

The Company has pledged its deposit with banks amounting to ₹ 1.98 (31 March 2016: ₹ 2.40; 1 April 2015: ₹ 0.32) in order to fulfill collateral requirements.

16 Share capital

	31-Mar-17	31-Mar-16	1-Apr-15
Authorised:			
376,300,000 (31 Mar 2016 : 376,300,000; 1 Apr 2015 : 376,300,000) equity shares of Rs.10 each	376.30	376.30	376.30
123,700,000 (31 Mar 2016: 123,700,000; 1 Apr 2015: 123,700,000) preference shares of Rs.10 each	123.70	123.70	123.70
	500.00	**500.00**	**500.00**
Issued, subscribed and paid up:			
26,000,018 (31 Mar 2016 : 26,000,018; 1 Apr 2015:26,000,018) class A equity shares of Rs10/- each fully paid-up	26.00	26.00	26.00
134,000,000 (31 Mar 2016 : 134,000,000;1 Apr 2015 : 134,000,000) class B equity shares of Rs10/- each fully paid-up	134.00	134.00	134.00
	160.00	**160.00**	**160.00**

1 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.

2. Equity shares held by holding company and subsidiaries of step up holding company

Name of the share holder	31-Mar-17	31-Mar-16	1-Apr-15
Class B equity shares			
Holding company			
No of shares held	133,999,920	133,999,920	133,999,920
% of shares held	100%	100%	100%
Subsidiaries of step up holding company			
No of shares held	80	80	80
% of shares held	0.00%	0.00%	0.00%

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

3. **Particulars of shareholders holding more than 5% of the share capital**

Name of the share holder	**31-Mar-17**	**31-Mar-16**	**1-Apr-15**
a) **Class A equity shares**			
Lafarge India Limited			
No of shares held	1,925,924	1,925,924	1,925,924
% of shares held	7.41%	7.41%	7.41%
J K Lakshmi Cements Limited			
No of shares held	4,396,136	4,396,136	4,396,136
% of shares held	16.91%	16.91%	16.91%
Suzuki Textiles Limited			
No of shares held	4,186,795	4,186,795	4,186,795
% of shares held	16.10%	16.10%	16.10%
Nahar Industrial Enterprises Limited			
No of shares held	3,558,786	3,558,786	3,558,786
% of shares held	13.69%	13.69%	13.69%
J K Cements Limited			
No of shares held	3,140,104	3,140,104	3,140,104
% of shares held	12.08%	12.08%	12.08%
Reliance Chemotex Industries Limited			
No of shares held	1,674,719	1,674,719	1,674,719
% of shares held	6.44%	6.44%	6.44%
Rajaratna Metal Industries Limited			
No of shares held	1,978,318	1,978,318	1,978,318
% of shares held	7.61%	7.61%	7.61%
b) **Class B equity shares**			
KSK Electricity Financing India Private Limited	133,999,920	133,999,920	133,999,920
No of shares held	100.00%	100.00%	100.00%
% of shares held			

17 **Borrowings**

	31-Mar-17	**31-Mar-16**	**1-Apr-15**
Long-term borrowings			
Secured			
Bonds/Debentures	-	-	64.00
Term loans *			
Rupee loan from banks (*refer note (a & d)*)	280.25	306.25	265.67
Rupee loan from others *(refer note (a & d))*	196.38	203.65	118.75
Unsecured			
Class 'A' Preference Shares (*refer note b*)	25.07	25.07	25.07
Class 'B' Preference Shares (*refer note c*)	98.50	98.50	98.50
Total (A)	**600.21**	**633.47**	**571.99**
Short term borrowings			
Secured			
Loan repayable on demand			
From banks *(refer note (e))*	47.73	55.58	44.25
Unsecured			
Other loans and advances	83.34	23.57	-
Total (B)	**131.08**	**79.15**	**44.25**
Total (A+B)	**731.28**	**712.61**	**616.23**

*The Company is in the process of restructuring of its debts under 5/25 scheme and majority of the lenders have already given their concurrence for the same and awaiting sanction from other lenders. Under the scheme, principal repayments are commencing from December 2016 and accordingly Company has classified the term loans as non – current and current portion is considered only from December 2016.

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

Details of securities pledged & repayment terms

a) Security : First charge pari-passu by way of mortgage on all the company's immovable properties and hypothecation of whole of the movable properties both present and future. Pledge of certain equity shares of the company held by KSK Electricity Financing India Private Limited, the holding company. Corporate guarantee given by KSK Energy Ventures Limited, the step-up holding company.

b) 0.01% class 'A' cumulative redeemable preference shares are held by consumers. These preference shares are redeemable at par over the period of 10 to 20 years from the date of allotment carrying an interest rate of 0.01% p.a..

c) 14% class 'B' cumulative redeemable preference shares are held by KSK Electricity Financing India Private Limited, the holding company. These preference shares are redeemable at par at the end of 10 years from the date of allotment carrying an interest rate of 14% p.a.

d) The long term rupee loans are repayable in quarterly installments with the last installment of respective loans are payable from November 2020 to June 2031. These loans carry a weighted average interest rate of 14.36% p.a.

e) Security: Paripassu first charge on fixed assets and current assets along with term lenders.

18 **Other financial liabilities**

	31-Mar-17	31-Mar-16	1-Apr-15
Non current			
Interest accrued	140.71	126.92	113.13
Total (A)	**140.71**	**126.92**	**113.13**
Current			
Current maturities of long tem debt	21.22	6.95	53.71
Interest accrued	36.82	27.58	10.66
Creditor for capital goods (including retention money)	7.95	7.93	1.50
Other liabilities	7.77	7.77	-
Salary and bonus payable	4.89	1.03	0.65
Total (B)	**78.65**	**51.27**	**66.51**
Total (A+B)	**219.36**	**178.20**	**179.64**

19 **Provisions**

	31-Mar-17	31-Mar-16	1-Apr-15
Long-term provisions			
For employee benefits (*refer note a*)	0.63	0.57	0.32
Provision for restoration cost (*refer note b*)	54.29	51.12	47.51
	54.92	**51.70**	**47.84**

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-17	31-Mar-16
Defined benefit obligation	1.22	1.04
Fair value of plan assets	0.59	0.47
Benefit liability	**0.63**	**0.57**

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Notes to Financial Statements
(All amounts are in ₹ Crores, unless otherwise stated)

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

	31-Mar-17	31-Mar-16
Defined benefit obligation as at the beginning of the year	1.04	0.71
Included in income statement		
Current service cost	0.25	0.20
Interest cost	0.08	0.05
	1.37	**0.96**
Included in other comprehensive income		
Remeasurement loss / (gain)		
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in financial assumptions	0.06	(0.00)
experience variance (i.e. Actual experience vs assumptions)	(0.08)	0.15
	(0.01)	**0.14**
Others		
Benefits paid	(0.14)	(0.06)
	(0.14)	**(0.06)**
Defined benefit obligation as at the end of the year	**1.22**	**1.04**

Changes in the fair value of plan assets are as follows

	31-Mar-17	31-Mar-16
Fair Value of Plan Assets		
Fair value of plan assets beginning of the period	**0.47**	**0.38**
Included in income statement		
Interest income	0.04	0.03
	0.04	**0.03**
Included in other comprehensive income		
Remeasurement loss / (gain)		
Return on plan asset (excluding amounts included in net interest expense)	0.00	0.01
	0.00	**0.01**
Others		
Contributions	0.22	0.11
Benefits Paid	(0.14)	(0.06)
	0.08	**0.05**
Fair value of plan assets end of the period	**0.59**	**0.47**

Net defined benefit liability (asset)

	31-Mar-17	31-Mar-16
Balance	0.57	0.32
Included in income statement		
Current service cost	0.25	0.20
Interest cost/(income)	0.04	0.03
	0.29	**0.22**
Included in other comprehensive income		
Remeasurement loss / (gain)		
Actuarial (gains) on obligation		
Change in financial assumptions	0.06	(0.00)
experience variance (i.e. Actual experience vs assumptions)	(0.08)	0.15
Return on plan asset (excluding amounts included in net interest expense)	(0.00)	(0.01)
	(0.02)	**0.14**
Others		
Contributions by employer	(0.22)	(0.11)
	(0.22)	**(0.11)**
Defined benefit obligation as at the end of the year	**0.63**	**0.57**

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

Asset information

	31-Mar-17	31-Mar-16
Insurer managed funds	100.00%	100.00%

Principal actuarial assumptions as at balance sheet date

Discount rate	7.45%	7.80%
Salary escalation	10.00%	10.00%

Sensitivity analysis

	31-Mar-17		31-Mar-16	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1% movement)	0.21	-0.17	0.17	-0.14
Salary Growth Rate (- / + 1% movement)	-0.13	0.13	-0.11	0.10

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

b) **Provision for Decommissioning cost**

	31-Mar-17
Opening balance	51.12
Unwinding of discount	3.17
Closing balance	**54.29**

20 **Other liabilities:**

	31-Mar-17	31-Mar-16	1-Apr-15
Non current			
Statutory liabilities	28.65	25.84	23.03
Total (A)	**28.65**	**25.84**	**23.03**
Statutory liabilities	10.68	5.79	3.36
Total (B)	**10.68**	**5.79**	**3.36**
Total (A+B)	**39.32**	**31.62**	**26.39**

21 **Trade payables**

	31-Mar-17	31-Mar-16	1-Apr-15
Dues to other than Micro and Small enterprises	78.62	51.24	34.15
	78.62	**51.24**	**34.15**

As at 31 Mar 2017 (31 Mar 2016 : Rs.Nil; 1 Apr 2015 : Rs. Nil) there are no amounts including interest payable to Micro and Small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company.

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

All amounts are in ₹ Crores, unless otherwise stated

22 Revenue from operations

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Sale of electricity	66.44	190.82
Other operating income	0.01	0.02
	66.45	**190.85**

23 Other income

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Interest income (refer note below)	0.45	1.07
Dividend income	-	1.56
Profit on sale of fixed assets	-	0.05
Miscellaneous income	0.00	0.04
Unwinding of discount on deposits	0.24	0.22
	0.70	**2.93**

Note:
Interest income comprises of interest income of ₹ 0.45 (31 March 2016: ₹ 1.07) on financial assets includes interest from fixed deposits with banks, interest on others and on tax refunds.

24 Cost of fuel consumed

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Lignite	36.20	66.15
Lime stone	0.45	0.28
	36.65	**66.43**

25 Employee benefits expense

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Salaries, wages and bonus	13.33	7.84
Contribution to provident and other funds (refer note 19)	0.69	0.53
Staff welfare expenses	0.40	0.43
	14.42	**8.79**

26 Finance costs

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Interest expense	80.50	90.36
Other borrowing cost	0.79	1.47
Unwinding of discount on restoration cost & deposit	3.42	3.83
Interest on redeemable preference shares	13.79	13.79
	98.50	**109.45**

All amounts are in ₹ Crores, unless otherwise stated

27 Other expenses

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Stores and spares	2.97	6.13
Repairs and maintenance	16.75	16.41
Cost of import power	5.63	5.57
Raw water charges	6.60	12.19
Rent	1.93	1.86
Rates and taxes	2.87	3.13
Insurance charges	0.46	1.81
Legal and professional charges	0.76	1.42
Selling and distribution expenses	-	8.44
Remuneration to auditors		
for audit	0.06	0.06
for other services	0.00	0.00
Travel and conveyance	0.48	1.14
Communication expenses	0.27	0.35
Electricity expenses	0.40	0.46
Freight - Outward	0.75	1.58
Corporate support service charges	7.76	7.71
Security/Watch & Ward Expenses	1.03	0.79
Recruitment/training expenses	0.11	0.19
Corporate social responsibility	0.08	0.07
Green belt expenses	0.22	0.11
Miscellaneous expenses	0.62	0.90
	49.76	**70.34**

28 Other comprehensive income

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Items that will be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(0.02)	0.14
	(0.02)	**0.14**

29 Contingent liabilities

Particulars	**31 Mar 2017**	**31 Mar 2016**
I. Corporate guarantees given	106.00	106.00

II. The Company has received claims for ₹ 59.21 (31 Mar 2016: ₹ 59.21; 1 Apr 15: ₹ 59.21) from Joint Director General of Foreign Trade (DGFT) towards the recovery of the duty draw backs, 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 is based on the interpretations by the policy interpretation committee held on 15 Mar, 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.

III.Claims against the company not acknowledged as debt: ₹ 4.90 (31 March 2016: ₹ 4.90; 1 Apr 2015: ₹ 4.90)

IV. The Company has receivables of ₹ 48.29 (31 March 2016: ₹ 48.29: 1 April 2015: ₹ 51.54) from its consumers representing taxes including royalty, cess on clean energy, taxes on input fuel as well as double adjustments for the security deposit, transmission and SLDC charges and take or pay obligation which are disputed by the consumers. The Company has an amount of ₹ 20.24 (31 March 2016: ₹ 20.24; 1 April 2015: ₹ 20.24) access from such customers as redeemable capital available for necessary setoffs. Further, the Company contends that not only it has fulfilled the contractually guaranteed supplies but also the amounts claimed are as per the terms of the power purchase agreements. Aggrieved by the order of Arbitrator, civil court and High Court the Company has preferred an appeal in Honourable Supreme Court of India. Pending outcome of the same, the Company believes that the final determination of the above dispute would be in favour of the Company and there would be no material impact on the financial statements.

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

30 Segment reporting

The Company is engaged in setting up of the power plant in Bikaner district of Rajasthan 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.

31 Related party disclosures

A) Parties where control exists:

S.No.	Name of the related party	Nature of relationship
1	KSK Electricity Financing India Private Limited	Holding Company
2	KSK Energy Ventures Limited	Step-up holding
3	Sai Maithili Power Company Private Limited	Subsidiary

B) Parties where signifcant infuence exists and where the transactions have taken place during the year:

S.No.	Name of the related party	Nature of relationship
1	KSK Mineral Resources Private Limited	Fellow subsidiary
2	KSK Energy Company Private Limited	Fellow subsidiary
3	SN Nirman Infra Projects Private Limited	Fellow subsidiary
4	KSK Wardha Infrastructure Private Limited	Fellow subsidiary
5	Marudhar Mining Private Limited	Fellow subsidiary
6	Sai Regency Power Corporation Private Limited	Fellow subsidiary
7	KSK Mahanadi Power Company Limited	Fellow subsidiary
8	Sitapuram Power Limited	Fellow subsidiary
9	Sai Wardha Power Generation Limited	Fellow subsidiary
10	KSK Energy Resources Private Limited	Fellow subsidiary

C. Key management personnel

S.No.	Name of the related party	Nature of relationship
1	K Bapi Raju	Whole-time Director
2	S Kishore	Director
3	K A Sastry	Director

D. Particulars of related party transactions

		31 Mar 2017	
S.No.	**Particulars**	**Holding / Step-up holding**	**Fellow subsidiary**
(i)	Manufacturing expenses	-	6.47
(ii)	Other expenses	7.76	-
(iii)	Purchase/(sale) of Stores & Spares	-	-0.03
(iv)	Finance costs	13.79	
(v)	Loans taken from	52.98	6.79
(vi)	Refund of advances	-	0.50

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

Particulars of related party transactions		**31 Mar 2016**	
S.No.	**Particulars**	**Holding / Step-up holding**	**Fellow Subsidiary**
(i)	Cost of material consumed	-	15.36
(ii)	Manufacturing expenses	-	16.32
(iii)	Other expenses	7.71	-
(iv)	Purchase of fixed assets	-	135.94
(v)	Finance cost	15.57	-
(vi)	Loans taken from	23.57	-
(vii)	Refund of deposits	-	42.00
(viii)	Advances given	-	2.87

Balances

S.No.	**Nature of transaction**	**Holding / Step-up holding**	**Fellow Subsidiary**
31 March 2017			
1	Amount receivable from		0.07
2	Amount payable to	319.86	25.76
31 March 2016			
1	Amount receivable from	-	2.95
2	Amount payable to	249.69	16.72
1 April 2015			
1	Amount receivable from	-	98.07
2	Amount payable to	215.31	9.41

(a) Bank guarantees amounting to ₹ 2 (31 Mar 2016: ₹ 6.60; 1 Apr 2015: ₹ 2) have been given by step-up holding company on behalf of the company.

(b) Corporate guarantees of ₹ 43.41 (31 Mar 2016: ₹ 43.41; 1 Apr 2015: ₹ 108.41) have been given on behalf of the fellow subsidiary company.

(c) Corporate guarantees of ₹ 63 (31 Mar 2016: ₹ 63; 1 Apr 2015: ₹ 63) have been given on behalf of the subsidiary company.

(d) Corporate guarantees of ₹ 50 (31 Mar 2016: ₹ 100; 1 Apr 2015: ₹ Nil) have been given on behalf of the step up holding company.

(e) Corporate guarantees of ₹.Nil (31 Mar 2016: ₹ Nil; 1 Apr 2015: ₹ 430.80) have been given by step-up holding company on behalf of the company.

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

32 **Disclosure on Specified Bank Notes (SBNs)**

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

Particualrs	**SBNs ***	**Other denomination notes**	**Total**
Closing cash in hand as on 8 Nov 2016	0.05	0.01	0.07
(+) Permitted receipts	-	0.04	0.04
(-) Permitted payments	-	-0.04	-0.04
(-) Amount deposited in Banks	-0.05	-	-0.05
Closing cash in hand as on 30 Dec 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.

33 **Earning/(loss) per Share**

	Year ended	
Particulars	**31 Mar 2017**	**31 Mar 2016**
Net Loss as per profit and loss account	(159.11)	(68.96)
Net Loss attributable to equity share holders	**(159.11)**	**(68.96)**
Loss attributable to class A equity share holders	(0.003)	(0.003)
Profit / (Loss) attributable to class B equity share holders	(159.11)	(68.96)
Weighted average number of equity shares for basic EPS (No.)		
Class A	26,000,018	26,000,018
Class B	134,000,000	134,000,000
Basic & Diluted Profit/(Loss) per share		
Class A	(0.001)	(0.001)
Class B	(11.87)	(5.15)
Face value of shares	10	10

34 **First-time adoption of Ind-AS**

The Company has adopted Ind AS from 1April 2016 and the date of transition to Ind AS is 1April 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

The Company has reassessed the value of Property, plant and equipment as on the date of transition i.e. 1 April 2015. Based on technical assessment, the Company observed that the actual utilisation of asset is much lesser than rated potential capacity and plant has actually suffered minimal wear and tear whereas the depreciation charge is much higher because of using written down method (WDV) of depreciation. Hence, considering such mismatch between asset utilisation and depreciation policy, management consider charging depreciation under straight line method (SLM) is more appropriate and also being reflective of the actual pattern of utilisation of asset. Accordingly, the Company on the date of transition has arrived the deemed cost of proper plant and equipment as per SLM, duly adjusting the impact of such change amounting to ₹ 236.14 crores in the retained earnings.

b Deemed cost of intangible assets

The Company has elected to continue with the carrying value of all its intangible assets recognised as of 1st April, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost on transition date except for cost of site restoration cost pursuant to Ind AS.

c 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.

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.

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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.

35 Reconciliation of equity as at 1 April 2015

	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
I. ASSETS				
1 Non-current assets				
(a) Property plant and equipment	1 (a), (b) & (c)	431.91	234.51	666.42
(b) Capital work in progress		0.66	-	0.66
(c) Other intangible assets	2	0.53	20.33	20.86
(d) Financial asset				
(i) Investments		15.76	-	15.76
(ii) Loans	3 (a) & 3 (b)	5.00	-0.51	4.49
(iii) Other financial asset		10.75	-	10.75
(e) Deferred tax assets (net)	4	42.93	-37.96	4.98
(f) Other non-current assets	1 (a) & 3 (a)	102.95	3.37	106.33
		610.50	**219.75**	**830.25**
2 Current assets		-	-	
(a) Inventories		27.35	-	27.35
(b) Financial asset		-	-	-
(i) Trade receivables		59.23	-	59.23
(ii) Cash and bank balances		4.14	-	4.14
(iii) Other bank balances		0.00	-	0.00
(iv) Loans	3 (a) & 3 (b)	2.90	-2.83	0.07
(v) Other financial asset		0.00	-	0.00
(c) Other current assets	1 (a)	6.46	0.00	6.46
		100.09	**-2.83**	**97.26**
		710.59	**216.92**	**927.51**
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	5 (a)	283.57	-123.57	160.00
(b) Other equity	5 (b)	-186.27	49.53	-136.74
Total equity		**97.30**	**-74.04**	**23.26**
1 Non-current liabilities				
(a) Financial liability				
(i) Borrowings	5 (a) & 5 (c)	451.18	120.80	571.99
(ii) Other financial liabilities	6 (a)	-	113.13	113.13
(b) Provisions	2	0.32	47.51	47.84
(c) Other non current liabilities	6 (b)	-	23.03	23.03
		451.51	**304.48**	**755.98**
2 Current liabilities				
(a) Financial liability				
(i) Borrowings		44.25	-	44.25
(ii) Trade payables	7	47.31	-13.15	34.15
(iii) Other financial liabilities	6 (c)	66.87	-0.36	66.51
(b) Other current liabilities		3.36	-	3.36
(c) Short-term provisions		0.00	-0.00	-
		161.78	**-13.51**	**148.27**
		710.59	**216.92**	**927.51**

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

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Reconciliation of equity as at 31 March 16

	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
I. ASSETS				
1 Non-current assets				
(a) Property plant and equipment	1 (a), (b) & (c)	402.65	247.40	650.05
(b) Capital work in progress		1.80	-	1.80
(c) Other intangible assets	2	119.96	17.79	137.75
(d) Financial asset		-	-	-
(i) Investments		15.76	-	15.76
(ii) Loans	3 (a) & 3 (b)	5.00	-0.74	4.26
(iii) Other financial asset		5.79	0.00	5.80
(e) Deferred tax assets (net)	4	42.93	-9.36	33.57
(f) Other non-current assets	1 (a) & 3 (a)	2.76	3.16	5.91
		596.65	**258.25**	**854.90**
2 Current assets				
(a) Inventories		27.13	-	27.13
(b) Financial asset		-	-	-
(i) Trade receivables		77.82	-	77.82
(ii) Cash and bank balances		6.47	-0.00	6.47
(iii) Other bank balances		2.40	-	2.40
(iv) Loans	3 (a) & 3 (b)	6.10	-3.15	2.95
(v) Other financial asset		0.23	-	0.23
(c) Other current assets	1 (a)	6.88	0.77	7.65
		127.02	**-2.38**	**124.64**
		723.67	**255.87**	**979.54**
II EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	5 (a)	283.57	-123.57	160.00
(b) Other equity	5 (b)	-284.24	78.40	-205.84
Total equity		**-0.67**	**-45.17**	**-45.84**
1 Non-current liabilities				
(a) Financial liability				
(i) Borrowings	5 (a) & 5 (c)	512.39	121.08	633.47
(ii) Other financial liabilities	6 (a)	-	126.92	126.92
(b) Provisions	2	0.57	51.12	51.70
(c) Other non current liabilities	6 (b)	-	25.84	25.84
		512.96	**324.96**	**837.92**
2 Current liabilities				
(a) Financial liability				
(i) Borrowings		79.15	-	79.15
(ii) Trade payables	7	74.97	-23.72	51.24
(iii) Other financial liabilities	6 (c)	51.48	-0.20	51.27
(b) Other current liabilities		5.79	-	5.79
		211.38	**-23.93**	**187.46**
		723.67	**255.87**	**979.54**

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

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

	Notes to first-time adoption	Previous GAAP *	Adjustments	IND AS
Revenue from operations	8	190.97	(0.12)	190.85
Other income	9	2.72	0.22	2.93
Total revenue (I+II)		**193.68**	**0.10**	**193.78**
Expenses		-	-	
Cost of fuel consumed	10	77.00	(10.57)	66.43
Employee benefits expenses	11	8.93	(0.14)	8.79
Other expenses	10	67.65	2.69	70.34
Finance costs	10	91.41	18.04	109.45
Depreciation and amortisation expenses	1 (b) & 1(d)	46.68	(10.35)	36.33
Total expenses		**291.65**	**(0.31)**	**291.34**
Profit/(loss) before tax (III-IV)		**(97.97)**	**0.41**	**(97.56)**
Tax expense / (income)				
Deferred tax		-	(28.60)	(28.60)
Total tax expense / (income)		-	(28.60)	(28.60)
Profit / (loss) after tax (V-VI)		(97.97)	29.01	(68.96)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans		-	(0.14)	(0.14)
Other comprehensive income for the period		-	(0.14)	(0.14)
Total comprehensive income		(97.97)	28.88	(69.10)

* 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 March 2016

	Previous GAAP	Adjustments	Ind AS
Net cash from operating activities	54.49	-	54.49
Net cash from investing activity	7.75	-	7.75
Net cash from financing activities	-59.59	-	-59.59
Net increase / (decrease) in cash and cash equivalents	2.65	-	2.65
Cash and cash equivalents as at 1 April 2015	3.83		3.83
Cash and cash equivalents as at 31 March 2016	6.47	-	6.47

V S Lignite Power Private Limited
Notes to Financial Statements
(All amounts are in ₹ Crores, unless otherwise stated)

1 **Property, plant and equipment & leases:**

a) As per Ind AS 17, payments for leasehold land under an operating lease (considering that it has indefinite economic life), reorded under property, plant and equipment under GAAP, 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 is shown as prepaid expenses under other assets. The property, plant and equipment has undergone a reduction to the extent of ₹ 0.04 on account of said adjustment.

b) The Company has reassessed the value of Property, plant and equipment as on the date of transition i.e. 1 April 2015. Based on technical assessment, the Company observed that the actual utilisation of asset is much lesser than rated potential capacity and plant has actually suffered minimal wear and tear whereas the depreciation charge is much higher because of using written down method (WDV) of depreciation. Hence, considering such mismatch between asset utilisation and depreciation policy, management consider charging depreciation under straight line method (SLM) is more appropriate and also being reflective of the actual pattern of utilisation of asset. Accordingly, the Company on the date of transition has arrived the deemed cost of proper plant and equipment as per SLM, duly adjusting the impact of such change amounting to ₹ 236.14 crores in the retained earnings.

c) The loan processing charges amounting to ₹ 1.58 crores capitalised under the erstwhile GAAP have been de-capitalised to ensure compliance under Ind As.

2 **Other intangible assets:**

Under Ind AS, cost of an item of property, plant and equipment or intangible assets includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. Such cost of decommissioning, restoration or similar liability is to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter will not need to estimate what provision would have been calculated at earlier reporting dates. Instead, the decommissioning liability is calculated at the date of transition and it is assumed that the same liability (adjusted only for the time value of money) existed when the asset was first acquired/ constructed. The liability so estimated is grouped under provisions.

However under previous GAAP, no such concept exists. Due to this change profit or loss has reduced for the year ended 31 March 2016 by ₹ 2.54 and retained earnings as at 1 April 2015 by ₹ 2.54 on account of increase in amortisation of such intangible asset.

The deemed cost of ₹ 20.33 is recognised as on 1 April 2015 as decommissioning and restoration cost of mining asset as per requirement of Ind As, which was not required under previous GAAP. As a result, depreciation amounting to ₹ 2.54 is also provided on 31 March 2016.

3 **Loans and other current/non current assets**

a) Under previous GAAP, the long term security deposit given for rent pursuant to the contract has been shown at par value, whereas under IND AS, the deposit is recognised at fair value considering a discount factor @ 13% over a period of 10 years from the date of payment. This has resulted into a decrease in the present value of the deposit and increase in other assets.

b) The security deposits given during the normal course of business operations have been regrouped from other current assets to other non current assets.

4 **Deferred taxes:**

The net deferred tax amounting to ₹ 37.96 and ₹ 9.36 has been recognised as on 1 Apr 2015 & 31 Mar 2016 respectively with corresponding adjustment in the retained earnings as a result of reassessment of property, plant and equipment as mentioned in point 1(b) above, recognition of deferred tax asset on the carry forward of losses, incremental value on freehold land and deferred tax liability on depreciation. .

5 **Equity & borrowings**

a) The preference share capital shown under share capital under the erstwhile GAAP is reclassified to long term borrowings pursuant to the requirement under Ind As. As a result, the equity share capital has reduced and borrowings have gone up by ₹ 123.57.

b) The adjustments made under other equity are consequent to various transition adjustments arising on account of change in method of depreciation, interest on preference shares including preference dividend etc., pursuant to Ind AS.

c) 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 have been reduced by ₹ 2.77 as on 1 April 2015.

6 **Other financial and non-current liabilities**

a) The interest accrued on preference shares as a result of Ind AS provisions as on the date of transition resulted into an increase in other financials liabilities by ₹ 126.92 as on 31 Mar 2016 (1 Apr 2015 : ₹ 113.13). The said provision is not applicable under the previous GAAP.

b) The dividend distribution tax accrured on preference shares as a result of Ind AS provisions as on the date of transition resulted into an increase in other non-current liabilities by ₹ 25.84 as on 31 Mar 2016 and by ₹ 23.03 as on 1 April 2015. The said provision is not applicable under the previous GAAP.

C) The current portion of transaction costs incurred as referred in 5 (c)above is reflected other current financial liabilities

7 **Trade payables**

The provisions reversed on the date of transition as a result of Ind AS requirement has resulted into decrease in trade payables.

8 **Revenue from operations**

As per definition of Revenue under Ind AS 18, the Company will recognise 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 will be considered as selling price reductions and accounted as reduction from revenue. Under previous GAAP, some of these costs were included in 'Other expenses'.

9 **Other income**

The income arising pursuant to fair valuation of secuirity deposits as per IndAS requirements amounting to ₹ 0.22 is reflected in adjustment column, which was not required under previous GAAP.

10 **Cost of fuel, other expenses and finance cost**

Various adjustments required under Ind AS viz., recognition of stripping costs as expenditure as and when the same is incurred amounting to ₹ 10.57, provision made for interest amounting to ₹ 13.79 and dividend distribution tax of ₹ 2.81 on the preference shares, recognition of unwinding discount on deposits - ₹ 0.22 and mine restroration - ₹ 3.61, processing charges - ₹ 0.43 as finance cost have resulted into increase/decrease in respective expense heads.

11 **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 profit for the year ended 31 March 2016 decreased by ₹ 0.14. There is no impact on the total equity as at 31 March 2016.

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

36 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 equity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

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.

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 17	31 Mar 16
INR	+50	2.49	2.59
INR	-50	(2.49)	(2.59)

Foreign currency risk
The company's foreign currency risk is low since the comapny's borrowings are under Indian rupees. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The majority of our assets are located in India where the Indian rupee is the functional currency for the Company and subsidiary. Currency exposure also exist to limited extent in the case of unhedged foreign curreny transactions restricted only to import of spares denominated in currencies other than the Indian Rupee which is immaterial considering the overall operations of the Company.

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

Particulars of Unhedged foreign Currency Exposure

Particulars	As at	
	31 Mar 17	31 Mar 16
Import creditors - INR	0.25	0.33
USD	0.004	0.005

Equity price risk

At the reporting date, the Company’s exposure to unlisted equity securities was ₹ 15.76 (31 March 2016 ₹ 15.76; 1 Apr 2015 ₹ 15.76).

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

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 17	**31 Mar 16**	**1 Apr 15**
Trade receivables	13	55.31	77.82	59.23
Short term deposits with banks	15	1.98	2.40	0.32
Loans	8	4.62	7.21	4.57
Other financial asset	9	6.34	6.03	10.83
		68.25	**93.45**	**74.95**

The Company has exposure to credit risk from a limited customer group on account of supply of power. 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/ Company’s maximum exposure for financial guarantees are noted in note 29.

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

Liquidity risk analysis

The company’s main source of liquidity is its operating businesses. The treasury department uses regular forecasts of operational cash flow, investment and trading collateral requirements to ensure that sufficient liquid cash balances are available to service on-going business requirements. The Company manages its liquidity needs by carefully monitoring 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 following is an analysis of the Company's contractual undiscounted cash flows payable under financial liabilities as at 31 March 2017:

	Current	Non-current		Total
	< 12 months	**1-5 years**	**> 5 years**	
Loan and borrowings	66.64	342.96	666.30	1,075.90
Trade and other payables	78.62	-	-	78.62
Other financial liabilities	198.14	-	-	198.14
Total	**343.40**	**342.96**	**666.30**	**1,352.66**

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

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

	Current	Non-current		
	within 12 months	**1-5 years**	**Later than 5 years**	**Total**
Loan and borrowings	86.10	194.75	441.21	722.06
Trade and other payables	51.24	-	-	51.24
Other financial liabilities	171.24	-	-	171.24
Total	**308.59**	**194.75**	**441.21**	**944.55**

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

	Current	Non-current		
	within 12 months	**1-5 years**	**Later than 5 years**	**Total**
Loan and borrowings	44.25	61.72	404.59	510.57
Trade and other payables	34.15			34.15
Other financial liabilities	179.64			179.64
Total	**258.05**	**61.72**	**404.59**	**724.37**

Capital management

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

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

No changes were made in the objectives, policies or processes during the year ended 31 March 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 net debt to equity ratio at the reporting date is as follows:

	31 Mar 17	31 Mar 16	1 Apr 15
Total borrowing	731.28	712.61	616.23
Less : Cash and bank balances	(0.39)	(6.47)	(3.83)
less : Other bank balances	(1.98)	(2.40)	(0.32)
Net debt	**728.91**	**703.75**	**612.09**
Equity	(204.94)	(45.84)	23.26
Total equity	**(204.94)**	**(45.84)**	**23.26**
Net debt to equity ratio	**(3.56)**	**(15.35)**	**26.32**

V S Lignite Power Private Limited
Notes to financial statements
(All amounts are in ₹ Crores, unless otherwise stated)

37 **Financial Instruments**

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

	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	31 Mar 17	**31 Mar 17**	**31 Mar 16**	**31 Mar 16**	**1 Apr 15**	**1 Apr 15**
Non- current financial assets						
Investments - At fair value through P&L	15.76	15.76	15.76	15.76	15.76	15.76
Loans	4.54	4.54	4.26	4.26	4.49	4.49
Other financial asset	6.04	6.04	5.80	5.80	10.75	10.75
Total non-current	**26.34**	**26.34**	**25.82**	**25.82**	**31.01**	**31.01**
Current financial assets						
Trade receivables	55.31	55.31	77.82	77.82	59.23	59.23
Cash and bank balances	0.39	0.39	6.47	6.47	3.83	3.83
Other bank balances	1.98	1.98	2.40	2.40	0.32	0.32
Loans	0.08	0.08	2.95	2.95	0.07	0.07
Other financial asset	0.30	0.30	0.23	0.23	0.08	0.08
Total current	**58.06**	**58.06**	**89.86**	**89.86**	**63.53**	**63.53**
Total	**84.40**	**84.40**	**115.68**	**115.68**	**94.54**	**94.54**
Non- current financial liabilities						
Borrowings	600.21	600.21	633.47	633.47	571.99	571.99
Other financial liabilities	140.71	140.71	126.92	126.92	113.13	113.13
Total non-current	**740.92**	**740.92**	**760.39**	**760.39**	**685.12**	**685.12**
Current financial liabilities						
Borrowings	131.08	131.08	79.15	79.15	44.25	44.25
Trade payables	78.62	78.62	51.24	51.24	34.15	34.15
Other financial liabilities	78.65	78.65	51.27	51.27	66.51	66.51
Total current	**288.34**	**288.34**	**181.67**	**181.67**	**144.92**	**144.92**
Total	**1,029.26**	**1,029.26**	**942.05**	**942.05**	**830.03**	**830.03**

As per our audit report of even date
for Umamaheswara Rao & Co
Chartered Accountants
FRN : 004453S

for and on behalf of the Board

Sd/-
S Venugopal
Partner
Membership No. 205565

Sd/-
K Bapi Raju
Whole-time Director
DIN - 00940849

Sd/-
K A Sastry
Director
DIN - 00006566

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Praneeth Abhishek
Company Secretary

Place : Hyderabad
Date : 26 May 2017