Sai Lilagar Power Generation Limited
(formerly Sai Lilagar Power Limited)
Balance Sheet as at 31 March 2018
(All amounts are in ₹ Crores, unless otherwise stated)

	Note	31-Mar-18	31-Mar-17
I ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	5	309.52	328.30
(b) Capital work-in-progress	5	-	0.06
(c) Other Intangible assets	6	0.06	0.02
(d) Intangible assets under development	6	0.10	0.10
(e) Financial Assets			
(i) Investments	7	17.27	17.27
(ii) Loans	8	0.55	0.79
(iii) Other financial assets	9	0.00	0.00
(f) Deferred tax assets (net)	10	4.43	4.43
(g) Other non-current assets	11	8.14	8.18
		340.08	**359.16**
2 Current assets			
(a) Inventories	12	20.39	8.21
(b) Financial Assets			
(i) Trade receivables	13	3.27	50.03
(ii) Cash and cash equivalents	14	0.72	12.43
(iii) Bank balances other than (ii) above	15	0.86	1.70
(iv) Other financial assets	9	0.02	0.08
(v) Loans	8	4.67	93.09
(c) Other current assets	11	120.36	1.07
		150.28	**166.62**
Total Assets		**490.36**	**525.78**
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	16	75.50	75.50
(b) Other Equity	16	(97.27)	(123.88)
		(21.77)	**(48.38)**
1 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	196.73	226.43
(b) Provisions	18	0.13	0.36
		196.86	**226.79**
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	160.81	198.71
(ii) Trade payables	19	85.53	84.98
(iii) Other financial liabilities	20	67.89	60.15
(b) Other current liabilities	21	1.04	3.53
(c) Current tax liabilities (net)		0.00	0.00
		315.28	**347.37**
Total Equity and Liabilities		**490.36**	**525.78**

See accompanying notes to the financial statements
As per our audit report of even date attached

for **Anant Rao & Mallik**
Chartered Accountants
Firm Registration Number: 006266S

For Sai Lilagar Power Generation Limited
(Formerly Sai Lilagar Power Limited)

B V Mallikarjuna
Partner
Membership No.23350

N V Sreenivas
Wholetime Director
DIN: 07911930

S Kishore
Director
DIN: 00006627

Place: Hyderabad
Date: 13 June 2018

P V S Phani Kumar
Chief Financial Officer

Varsha Gupta
Company Secretary

Sai Lilagar Power Generation Limited
(formerly Sai Lilagar Power Limited)
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts are in ₹ Crores, unless otherwise stated)

		Note	Year ended 31 March 2018	Year ended 31 March 2017
I	Revenue from operations	22	99.07	42.12
II	Other Income	23	0.15	1.12
III	**Total revenue (I+II)**		**99.22**	**43.24**
IV	**Expenses**			
	Cost of fuel consumed	24	9.19	38.52
	Employee benefits expense	25	5.25	5.85
	Finance costs	26	31.73	53.31
	Other expenses	27	8.20	12.23
	Depreciation & amortization expense	5 & 6	18.50	18.89
	Total expenses		**72.86**	**128.80**
V	**Profit/(Loss) before tax (III - IV)**		**26.36**	**(85.56)**
VI	**Other Comprehensive Income**	28		
	Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plans		0.24	0.01
	Total Other Comprehensive Income		**0.24**	**0.01**
VII	**Total comprehensive income/(loss) for the year (V+VI)**		26.61	(85.55)
VIII	**Earnings / (loss) per share**	32		
	Basic and diluted - face value of ₹ 10 per share			
	Class A shares		(0.01)	(0.01)
	Class B shares		6.92	(22.21)

See accompanying notes to financial statements

As per our audit report of even date attached

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Chartered Accountants
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Sai Lilagar Power Generation Limited
(formerly Sai Lilagar Power Limited)
Statement of Changes in Equity for the year ended 31 March 2018
(All amounts are in ₹ Crores, unless otherwise stated)

16 **A. Equity Share Capital**

Particulars	**No of Shares**	**Amount**
Balance as at 1 April 2016		
Class A of ₹ 10 each	36,995,000	37.00
Class B of ₹10 each	38,505,000	38.51
	75,500,000	**75.50**
Changes in equity share capital during the year	-	-
Balance as ast 31 March 2017		
Class A of ₹ 10 each	36,995,000	37.00
Class B of ₹10 each	38,505,000	38.51
	75,500,000	**75.50**
Balance as at 1April 2017		
Class A of ₹ 10 each	36,995,000	37.00
Class B of ₹10 each	38,505,000	38.51
	75,500,000	**75.50**
Changes in equity share capital during the year		
Balance as ast 31 March 2018		
Class A of ₹ 10 each	36,995,000	37.00
Class B of ₹10 each	38,505,000	38.51
	75,500,000	**75.50**

16 **B. Other Equity**

Particulars	**Attributable to the equity holders of the parent**		**Total equity**
	Reserves and surplus	**Items of OCI**	
	Retained earnings	**Actuarial gains / (losses)**	
Balance as at 1 April 2016	(38.33)		(38.33)
(Loss)/profit for the year	(85.56)		(85.56)
Other Comprehensive Income	**(123.90)**	-	**(123.90)**
Remeasurement of defined benefit plans, net of tax		0.01	0.01
Total comprehensive (loss)/profit for the year	**(123.90)**	**0.01**	**(123.88)**
Balance as at 31 March 2017	**(123.90)**	**0.01**	**(123.88)**
Balance as at 1 April 2017	(123.90)	0.01	(123.88)
(Loss)/profit for the year	26.36		26.36
Remeasurement of defined benefit plans, net of tax		0.24	0.24
Total comprehensive (loss)/profit for the year	**26.36**	**0.24**	**26.61**
Balance as at 31 March 2018	**(97.53)**	**0.26**	**(97.27)**

See accompanying notes to financial statements

As per our audit report of even date attached
for Anant Rao & Mallik
Chartered Accountants
Firm Registration Number: 006266S

For Sai Lilagar Power Generation Limited
(Formerly Sai Lilagar Power Limited)

B V Mallikarjuna
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Place: Hyderabad
Date: 13 June 2018

P V S Phani Kumar
Chief Financial Officer

Varsha Gupta
Company Secretary

Sai Lilagar Power Generation Limited
(formerly Sai Lilagar Power Limited)
Cash flow statement for the year ended 31 March 2018
(All amounts are in ₹ Crores, unless otherwise stated)

		31-Mar-18	31-Mar-17
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		26.61	(85.55)
Adjustments for:			
Depreciation and amortisation expenses		18.50	18.89
Finance cost		31.73	53.31
Interest income		(0.12)	(1.12)
Liabilities no longer required written back		(0.03)	-
Operating profit before working capital changes		**76.68**	**(14.47)**
Adjustments for working capital			
Inventories		(12.18)	(0.81)
Trade receivables		46.77	4.82
Loans and advances		(30.64)	(37.71)
Other current assets		(0.00)	(0.52)
Trade payables		0.58	44.70
Other Liabilities and provisions		(2.39)	(1.11)
Cash (used in)/generated from operations		**78.83**	**(5.11)**
Income tax (paid)/refund		0.03	(0.06)
Net cash (used in)/ generated from operating activities		**78.86**	**(5.17)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of investments		-	(16.60)
Purchase of fixed assets including capital work in progress		(0.38)	(0.87)
(Investment)/redemption of bank deposits		0.84	3.44
Interest income		0.18	1.29
Net cash from/(used in) investing activities		**0.64**	**(12.73)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		-	2.00
Repayment of long term borrowings		(24.81)	(29.27)
Proceeds from /(repayment of) short term borrowing (net)		(37.89)	110.55
Payment of finance cost		(28.51)	(53.18)
Net cash from/(used in) financing activities		**(91.22)**	**30.10**
Net decrease in cash and cash equivalents		**(11.72)**	**12.20**
Cash and cash equivalent - opening balance	14	12.43	0.23
Cash and cash equivalent - closing balance	14	**0.72**	**12.43**

Sai Lilagar Power Generation Limited
(formerly Sai Lilagar Power Limited)
Cash flow statement for the year ended 31 March 2018
(All amounts are in ₹ Crores, unless otherwise stated)

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

Particulars	31-Mar-17	Net Cash flows	Non Cash changes		31-Mar-18
			Finance cost charged to P&L	Adjustment of loan originating cost	
Long term borrowings	253.83	(24.81)		0.73	229.74
Shor term borrowings	198.71	(37.89)			160.81
Finance cost	24.50	(28.51)	31.73	(0.73)	26.99

As per our audit report of even date attached

for Anant Rao & Mallik
Chartered Accountants
Firm Registration Number: 006266S

For Sai Lilagar Power Generation Limited
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Partner
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Place: Hyderabad
Date: 13 June 2018

P V S Phani Kumar
Chief Financial Officer

Varsha Gupta
Company Secretary

Sai Lilagar Power Generation Limited
(formerly Sai Lilagar Power Limited)
Notes to financial statement
(All amounts are in ₹ Crores, unless otherwise stated)

1 **Corporate Information**

Sai Lilagar Power Generation Limited ("SLPGL" or the "Company"),), is a Public Company domiciled in India and incorporated under the provisions of Companies Act applicable in India. The Registered Office of the Company is located at Jubilee Hills, Hyderabad - 500033. Telangana. The Company is engaged in the business of generation and sale of electricity. The Company operates a 43x2 MW captive power plant at Gopal Nagar in Janjgir Champa District of Chhattisgarh State to cater to the power requirements of state utilities.

2 **Basis of preparation**

A **Statement of Compliance**

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

The financial statements were authorised for issue by the Board of Directors on 13 June 2018.

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 for the following items:

- 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 **Changes in accounting policy and disclosure**

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards as of 1 April 2017, noted below.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2017.

IND AS 102 – Shares Based Payments: The amendments made to Ind AS 102 cover three accounting areas:
- Measurement of cash-settled share-based payments
- Classification of share-based payments settled net of tax withholdings and
- Accounting for a modification of a share-based payment from cash-settled to equity-settled.

These amendments could affect the classification and/or measurement of the share-based payment arrangements and potentially the timing and amount of expense recognised for new and outstanding awards.

IND AS 7 – Statement of Cash Flows: The amendments made to Ind AS 7 require certain additional disclosures to be made for changes in liabilities arising from financing activities on account of non-cash transactions to improve information provided to users of financial statements about an entity's financing activities.

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

3.2 **Standards and interpretations not yet applied**

At the date of authorisation of these financial statements, the following Standards and relevant Interpretations, which have not been applied in these financial statements, were in issue but not yet effective.

Standard	**Description**	**Effective for in reporting years**
IND AS 115	Revenue from Contracts with Customers	1 April 2018
Appendix B to IND AS 21	Foreign currency transaction and advanced consideration	1 April 2018

The Company is yet to assess the impact of above standards on the financial statements. However the management does not intend to apply any of these pronouncements early.

3.3 **Property, plant and equipment**

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

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

Nature of asset	Useful life (years)
Buildings	5-60
Plant and equipment	1-25
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.

3.4 **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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

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

Nature of asset	Useful life (years)
Software	3

3.5 **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).

3.6 **Revenue recognition**

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

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.

3.7 **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.

3.8 **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.

3.9 **Financial assets**

Initial recognition & Measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

- The asset is held 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.

3.10 **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 depends on their classification as follows:

Financial liabilities at fair value through profit or loss

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

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

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

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

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

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

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

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

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

3.11 **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 identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

3.12 **Leases**

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

Company as a lessee

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

3.13 **Borrowing 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.

3.14 **Impairment of non-financial assets**

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

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

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

3.15 **Cash and short-term deposits**

Cash and short-term deposits 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.

3.16 **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.

3.17 **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.

3.18 **Provisions**

General

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

3.19 **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.

Employees State Insurance Scheme

Eligible 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.

- *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.

Sai Lilagar Power Generation Limited
(formerly Sai Lilagar Power Limited)
Notes to Financial Statements
(All amounts are in ₹ Crores, unless otherwise stated)

5 Property, plant and equipment

	Land-Freehold	Buildings	Plant & Equipment	Furntiure & fixtures	Vehicles	Office equipment & Computers	Total	Capital work in progress
As at 1 April 2016	0.12	57.93	307.43	0.18	0.11	0.11	365.88	0.06
Additions	-	-	0.33	0.01	-	0.00	0.34	-
Disposals/transfers	-	-	-	-	(0.00)	-	(0.00)	-
As at 31 March 2017	0.12	57.93	307.76	0.19	0.11	0.11	366.22	0.06
As at 1 April 2017	**0.12**	**57.93**	**307.76**	**0.19**	**0.11**	**0.11**	**366.22**	**0.06**
Additions	-	-	-	-	-	-	-	-
Disposals/transfers	-	-	(0.43)	-	-	-	(0.43)	(0.06)
As at 31 March 2018	**0.12**	**57.93**	**307.33**	**0.19**	**0.11**	**0.11**	365.78	-
Depreciation								
As at 1 April 2016	-	3.59	15.30	0.04	0.05	0.06	19.03	-
Additions	-	3.49	15.27	0.04	0.05	0.04	18.89	-
Disposals/transfers					(0.00)	-	(0.00)	-
As at 31 March 2017	**-**	**7.07**	**30.58**	**0.08**	**0.09**	**0.10**	**37.92**	**-**
As at 1 April 2017	**-**	**7.07**	**30.58**	**0.08**	**0.09**	**0.10**	**37.92**	-
Additions	-	3.20	15.22	0.04	0.01	0.01	18.47	-
Disposals/transfers	-	-	(0.12)	-	-	-	(0.12)	-
As at 31 March 2018	**-**	**10.27**	**45.67**	**0.12**	**0.11**	**0.10**	**56.27**	**-**
Net book value								
As at 31 March 2017	0.12	50.86	277.18	0.11	0.02	0.01	328.30	0.06
As at 31 March 2018	0.12	47.66	261.65	0.07	0.00	0.01	309.52	-

Property, plant and equipment with a carrying amount of₹ 309.52 (31 March 2017: ₹ 328.30) is subject to security restrictions (refer note 17)

6 Intangible assets

	Computer software	Total	Intangible assets under development
As at 1 April 2016	0.01	0.01	0.10
Additions	0.03	0.03	-
Disposals/transfers	-	-	-
As at 31 March 2017	0.03	0.03	0.10
As at 1 April 2017	**0.03**	**0.03**	**0.10**
Additions	0.06	0.06	-
Disposals/transfers	-	-	-
As at 31 March 2018	**0.09**	0.09	0.10
Depreciation			
As at 1 April 2016	0.00	0.00	-
Additions	0.00	0.00	-
Disposals/transfers	-	-	-
As at 31 March 2017	**0.01**	**0.01**	**-**
As at 1 April 2017	**0.01**	**0.01**	**-**
Additions	0.03	0.03	-
Disposals/transfers	-	-	-
As at 31 March 2018	**0.04**	**0.04**	**-**
Net book value			
As at 31 March 2017	0.02	0.02	0.10
As at 31 March 2018	0.06	0.06	0.10

Intangible assets with a carrying amount of₹ 0.16 (31 March 2017: ₹ 0.12) is subject to security restrictions (refer note 17)

Sai Lilagar Power Generation Limited
(formerly Sai Lilagar Power Limited)
Notes to Financial Statements
(All amounts are in ₹ Crores, unless otherwise stated)

7 Non-current investments

	31-Mar-18	31-Mar-17
(unquoted, fully paid up)		
Trade Investments		
Investment in subsidiary		
1,92,10,82,177 (31 Mar 17 - 1,92,10,82,177) equtiy shares of par value GBP 0.001 each in Global Coal Sourcing Plc	17.27	17.27
	17.27	**17.27**

8 Loans

	31-Mar-18	31-Mar-17
Long-term loans		
Unsecured, considered good		
Security deposits	0.55	0.79
	0.55	**0.79**
Short-term loans		
Unsecured, considered good		
Security deposits	4.67	3.04
Other receivable	-	90.06
	4.67	**93.09**
	5.23	**93.88**

9 Other financial Assets

	31-Mar-18	31-Mar-17
Non-current		
Deposits with banks held as margin money or security against guarantees or borrowings	0.00	0.00
Interest accrued on deposits	0.00	0.00
	0.00	**0.00**
Current		
Interest accrued on deposits	0.02	0.08
	0.02	**0.08**
	0.02	**0.08**

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

10 **Deferred tax liability / (assets)**

Deferred income tax at 31 March 2018 & 31 March 2017 relates to the following:

	31-Mar-17	**Recognised in the income statement**	**31-Mar-18**
Deferred income tax assets			
Unused tax losses carried forward	39.99	6.00	45.99
MAT credit	4.43	-	4.43
	44.43	**6.00**	**50.43**
Deferred income tax liabilities			
Property, plant and equipment	39.99	6.00	45.99
	39.99	**6.00**	**45.99**
Deferred income tax asset, net	**4.43**	**-**	**4.43**

	1-Apr-16	**Recognised in the income statement**	**31-Mar-17**
Deferred income tax assets			
Unused tax losses carried forward	33.99	6.00	39.99
MAT credit	4.43		4.43
	38.43	**6.00**	**44.43**
Deferred income tax liabilities			
Property, plant and equipment	33.99	6.00	39.99
	33.99	**6.00**	**39.99**
Deferred income tax asset, net	**4.43**	**-**	**4.43**

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 2018 and 31 March 2017 is as follows:

	31-Mar-18	**31-Mar-17**
Accountig Pofit Before tax	26.36	(85.56)
Enacted tax rates	34.608%	34.608%
Tax on Profit at enacted rates	9.12	(29.61)
Expenditure not deductible for tax purpose	0.18	0.06
Income exempted or taxed at lower rates	(9.30)	29.55
Actual tax expense	-	-

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

11 Other assets

	31-Mar-18	31-Mar-17
Non-current assets		
Capital Advances	0.53	0.53
Advance tax (net of provision for tax)	0.08	0.11
Prepaid lease rentals on land	7.33	7.46
Prepaid expenses	0.21	0.08
	8.14	**8.18**
Current assets		
Prepaid expenses	0.12	0.13
Advance for supplies / expenses	120.08	0.77
Balances with statutory authorities	0.03	0.03
Prepaid lease rentals on land	0.13	0.13
	120.36	**1.07**
	128.50	**9.24**

12 Inventories

	31-Mar-18	31-Mar-17
(at lower of cost or net realisable value)		
Fuel	0.30	2.99
Stock with third parties	14.82	-
Stores and spares	5.26	5.22
	20.39	**8.21**

Inventory of ₹ 20.39 (31 March 2017: ₹ 8.21) for the Company is subject to security restrictions (refer note 17)

13 Trade receivables

	31-Mar-18	31-Mar-17
Unsecured, considered good	3.27	50.03
	3.27	**50.03**

Trade receivable of ₹ 3.27 (31 March 2017: ₹ 50.03) for the Company have been pledged as security for borrowings (refer note 17)

14 Cash and cash equivalents

	31-Mar-18	31-Mar-17
Balances with banks;		
On current account	0.70	12.42
Cash on hand	0.01	0.01
	0.72	**12.43**

15 Other bank balances

	31-Mar-18	31-Mar-17
Deposits having maturity more than 3 months	-	0.01
Deposits with banks held as margin money/security against guarantees or borrowings	0.86	1.69
	0.86	**1.70**

The Company has pledged its deposit with banks amounting to ₹ 0.86 (31 March 2017: ₹ 1.69) in order to fulfill collateral requirements.

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

16 **Share Capital**

	31-Mar-18	31-Mar-17
Authorized:		
37,240,000 (31 March 2017: 37,240,000) Class A equity shares of ₹10 each	37.24	37.24
38,760,000 (31 March 2017 : 38,760,000) Class B equity shares of ₹10 each	38.76	38.76
	76.00	**76.00**
Issued, Subscribed and Paid up:		
36,995,000 (31 March 2017: 36,995,000) Class A equity shares of ₹ 10 each fully paid-up	37.00	37.00
38,505,000 (31 March 2017: 38,505,000) Class B equity shares of ₹ 10 each fully paid-up	38.51	38.51
	75.50	**75.50**

a. Class A equity shares have a non-participatory preferential right of dividend equal to 0.1% of its face value as and when dividend is declared by the Company.

b. Class B equity shares are held by KSK Electricity Financing India Private Limited, the holding company and shall be entitled to all the profits of the company, remaining after the payment of dividend to class A shareholders.

c. The above 36,995,000 (31 Mar 2017 : 36,995,000) fully paid-up Class A equity shares of ₹ 10 each are held by KSK Electricity Financing India Private Limited, the holding company.

d. The above 38,505,000 (31 Mar 2017 : 38,505,000) fully paid-up Class B equity shares of ₹ 10 each are held by KSK Electricity Financing India Private Limited, the holding company.

e. During the year, the Company has not issued/bought back any shares.

f. **Details of more than 5% shareholding**

Name of the shareholder	31-Mar-18	31-Mar-17
Class A equity shares		
Fully paid up shares		
KSK Electricity Financing India Private Limited		
Number of shares held	36,995,000	36,995,000
Percentage of shareholding	100%	100%
Class B equity shares		
Fully paid up shares		
KSK Electricity Financing India Private Limited		
Number of shares held	38,505,000	38,505,000
Percentage of shareholding	100%	100%

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

17 **Borrowings**

	31-Mar-18	31-Mar-17
Secured		
Term loans		
from Banks (refer note 1(a) & 2)	140.21	161.98
Loans and advances from related parties (refer note 1(b) & 2)	56.52	64.45
	196.73	**226.43**
Short-term borrowings		
Secured		
From Banks (refer note 1(c))		
Working capital loan	35.27	33.78
Unsecured		
From others parties	39.41	27.28
Loans and advances from related parties	86.14	137.65
	160.81	**198.71**
	357.54	**425.14**

1. Details of securities pledged :

a. Subservient charge on all movable & immovable assets of the company. Pledge of certain shares of KSK Mahanadi Power Company Limited, V S Lignite Power Private Limited, KSK Electricity Financing India Private Limited and Sai Regency Power Corporaton Limited. Further, the loan is also secured by pledge of certain fully paid up class A shares of the Company and Corporate Guarantee of KSK Energy Ventures Limited, the step-up holding company.

b. KSK Energy Ventures Limited, the step-up holding company has availed loan from Life Insurance Corporation of India (LIC) and part of the proceeds have been provided to the company as long term loan. The charge has been created on the movable and immovable assets of the company in favour of LIC for the aforesaid loan. Hence the loan has been classified as secured loan.

c. First charge by way of hypothecation of all present and future current assets including revenues, receivables, escrow account. Second charge on the fixed assets of the company created by way of Simple Mortgage Deed. Further, the loan is secured by pledge of certain shares of the Company and Corporate Guarantee of KSK Energy Ventures Limited, the step-up holding company.

2. Repayment terms for long term borrowings

The long term rupee loan is repayable in quarterly installments with the first installment of loan commencing from January 2016 and ending in October 2025. The loans carry a weighted average interest rate of 11.83% p.a.

18 **Provisions**

	31-Mar-18	31-Mar-17
Long-term provisions		
For employee benefits (*refer note a*)	0.13	0.36
	0.13	**0.36**

Note:

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

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

A. Net Benefit asset/(liability)

	31-Mar-18	31-Mar-17
Defined benefit obligation	0.62	0.78
Fair value of plan assets	(0.49)	(0.42)
Benefit liability	0.13	0.36

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

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

	31-Mar-18	31-Mar-17
Defined benefit obligation as at the beginning of the year	0.78	0.64
Included in income statement		
Current service cost	0.08	0.11
Past Service Cost	0.09	-
Interest cost	0.06	0.05
	0.23	0.16
Included in other comprehensive income		
Remeasurement loss / (gain)		
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in financial assumptions	(0.04)	0.04
experience variance (i.e. Actual experience vs assumptions)	(0.22)	(0.05)
	(0.25)	(0.01)
Others		
Benefits paid	(0.13)	(0.02)
	(0.13)	(0.02)
Defined benefit obligation as at the end of the year	0.62	0.78

Changes in the fair value of plan assets are as follows

	31-Mar-18	31-Mar-17
Fair Value of Plan Assets		
Fair value of plan assets beginning of the period	0.42	0.34
Included in income statement		
Interest income	0.03	0.03
	0.03	0.03
Included in other comprehensive income		
Remeasurement loss / (gain)		
Return on plan asset (excluding amounts included in net interest expense)	(0.01)	0.00
	(0.01)	0.00
Others		
Contributions	0.18	0.06
Benefits Paid	(0.13)	(0.02)
	0.05	0.05
Fair value of plan assets end of the period	**0.49**	**0.42**

Net defined benefit liability (asset)

	31-Mar-18	31-Mar-17
Balance	0.36	0.30
Included in income statement		
Current service cost	0.08	0.11
Past Service Cost	0.09	-
Interest cost	0.03	0.02
	0.20	0.14
Included in other comprehensive income		
Remeasurement loss / (gain)		
Actuarial losses/(gains) on obligation		
change in demographic assumptions	(0.04)	0.04
change in financial assumptions	(0.22)	(0.05)
Return on plan asset (excluding amounts included in net interest expense)	0.01	(0.00)
	(0.24)	(0.01)
Others		
Contributions by employer	(0.18)	(0.06)
	(0.18)	(0.06)
Defined benefit obligation as at the end of the year	0.13	0.36

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

Asset information

Category of Assets	**As at**	
	31-Mar-18	**31-Mar-17**
Insurer managed funds	100%	100%

Principal actuarial assumptions as at balance sheet date

	31-Mar-18	**31-Mar-17**
Discount rate	7.80%	7.45%
Salary escalation	10%	10%

Sensitivity analysis

	31-Mar-18		**31-Mar-17**	
	Decrease	**Increase**	**Decrease**	**Increase**
Discount Rate (- / + 1% movement)	0.11	(0.09)	0.13	(0.11)
Salary Growth Rate (- / + 1% movement)	(0.08)	0.08	(0.08)	0.08

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

19 **Trade payables**

	31-Mar-18	**31-Mar-17**
Dues to other than micro and small enterprises	85.53	84.98
	85.53	**84.98**

As at 31 Mar 2018 (31 Mar 2017 : 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.

20 **Other Financial Liabilities**

	31-Mar-18	**31-Mar-17**
Current maturities of long-term debt	33.02	27.39
Interest accrued	26.99	24.50
Creditors for capital goods (including retention money)	6.53	6.92
Salaries and bonus payable	1.36	1.35
	67.89	**60.15**

21 **Other current liabilities**

	31-Mar-18	**31-Mar-17**
Statutory liabilities	1.04	3.53
	1.04	**3.53**

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

22 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of electricity	99.05	42.12
Other operating income	0.02	0.00
	99.07	**42.12**

23 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest received (refer note below)	0.12	1.12
Liability no longer required written back	0.03	0.00
	0.15	**1.12**

Note:

Interest received amounting to ₹ 0.12 (31 March 2017: ₹ 1.12) consists of interest received from fixed deposits with banks, interest received from customers and income tax refund.

24 Cost of fuel consumed

	Year ended 31 March 2018	Year ended 31 March 2017
Coal	9.19	38.52
	9.19	**38.52**

25 Employee benefit expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	4.73	5.37
Contribution to providend and other funds	0.40	0.32
Staff welfare expenses	0.12	0.16
	5.25	**5.85**

26 Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense	28.10	49.97
Other borrowing cost	3.63	3.33
	31.73	**53.31**

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

27 **Other expenses**

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Stores and spares	0.41	0.73
Repairs and maintenance	3.73	4.70
Cost of import power	1.00	0.97
Raw Water Charges	0.66	1.19
Rent	0.16	0.16
Rates and taxes	0.14	2.10
Communication expenses	0.08	0.09
Insurance charges	0.34	0.31
Legal and professional charges	0.66	0.44
Remuneration to auditors		
for audit	0.02	0.02
for other services	0.00	0.00
Travel and conveyance	0.14	0.16
Transmission and selling charges	-	0.29
Freight - Outward	0.65	0.69
Security/Watch & Ward Expenses	0.13	0.27
Miscellaneous expenses	0.06	0.12
	8.20	**12.23**

28 **Other Comprehensive Income**
Items that will not be reclassified to profit or loss

Particulars	Year ended	Year ended
Remeasurements of the defined benefit plans;	0.24	0.01
	0.24	**0.01**

29 **Commitments and contingent liabilities**

a) Capital commitments :

i. Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances as at 31 Mar 2018 : ₹ 0.74 (31 Mar 2017 : ₹ 0.74)

b) Contingent liability :

i. The Company has received claims for ₹ 3.13 (31 Mar 2017 - ₹ 3.13) from Joint Director General of Foreign Trade (DGFT) towards the recovery of the duty drawbacks, earlier refunded. The Company had earlier made claims for the refund of the duties paid on the machinery and other items purchased for the construction of the power projects under the scheme of deemed export benefit, which were accepted and refunds were granted. The communication from the DGFT regarding the recovery of the duties paid are based on the interpretations by the Policy Interpretation Committee vide their meeting held on 15 March 2011.The Company contends that the above change in interpretation requires an amendment to the foreign trade policy to be legally enforceable in law. Since, no such amendment has been done yet, the Company believes that outcome of the above dispute should be in favour of the Company and there should be no material impact on the financial statements.

ii. Standby Letter of credit outstanding as at 31 Mar 2018 - ₹ Nil (31 Mar 2017 - ₹ 99.05)

30 **Segment reporting :**

As the Company is engaged only in the generation and sale of electricity, there are no differing risks and returns attributable to the Company's services or its clients. Pursuant to explanation given in Ind AS 108, "Operating Segment ", no segment disclosure has been made in the financial statements, as the Company has only one business and one geographical segment.

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

31 **Related party disclosures**

a) **Parties where control exists:**

S.No.	Name of the related party	Nature of relationship
1	KSK Energy Ventures Limited	Step-up holding company
2	KSK Electricity Financing India Private Limited	Holding company
3	Global Coal Sourcing Plc	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 Mahanadi Power Company Limited*	Fellow subsidiary company
2	Sai Regency Power Corporation Private Limited	Fellow subsidiary company
3	Raigarh Champa Rail Infrastructure Private Limited *	Fellow subsidiary company
4	KSK Energy Company Private Limited	Fellow subsidiary company

* Ceased to be Fellow subsidiary from 26 March 2018

c) **Key management personnel**

S.No.	Name of the related party	Relationship
1	N V Sreenivas	Wholetime Director
2	K A Sastry	Director
3	S Kishore	Director

d) **Particulars of related party transactions during the year and balances outstanding:**

Particulars of related party transactions		Year ended 31 Mar 2018			Year ended 31 Mar 2017	
S.No	**Nature of transaction**	**Holding / Step-up holding**	**Fellow Subsidiary**	**Subsidiary**	**Holding / Step-up holding**	**Fellow Subsidiary**
(i)	Sales	-	84.10	-	-	21.28
(ii)	Corporate support services (excluding GST)	0.43	-	-	0.22	-
(iii)	Loans taken/(repaid)	1.79	(61.24)		(9.64)	86.07
(iv)	Other advances given/(refunded)	(43.63)	(46.42)	104.24	43.63	1.82
(v)	Interest paid	-	-	-	8.94	10.77
(vi)	Sale of spare parts	-	-	-	-	0.01

Balances

S.No	Nature of transaction	Holding / Step-up holding	Fellow Subsidiary	Subsidiary
31 March 2018				
1	Amount receivable from	-	-	104.24
2	Amount payable to	69.28	93.63	-
31 March 2017				
1	Amount receivable from	43.63	85.02	-
2	Amount payable to	66.53	154.09	-

(i) Corporate guarantees of ₹ 275 (31 Mar 2017: ₹ 275) have been given by step up holding company on behalf of the company.
(ii) The Company has arranged Standby letter of credit amounting to ₹ Nil (31 Mar 2017: ₹ 97.00) to its subsidiary company against the limits of fellow subsidiary company.

(iii) Bank guarantees of ₹ Nil (31 Mar 2017: ₹ 4.51) have been given by step up holding company on behalf of the company.

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

32 **Earnings per share :**

Particulars	For the year ended 31 Mar 2018	For the year ended 31 Mar 2017
Profit / (loss) after taxes	26.61	(85.55)
Less : Profit / (loss) attributable to Class A shares	(0.04)	(0.04)
Profit / (loss) attributable to Class B shares	**26.64**	**(85.51)**
Weighted average number of equity shares outstanding during the year (used for calculation of basic earnings per share)		
Class 'A'	36,995,000	36,995,000
Class 'B'	38,505,000	38,505,000
Weighted average number of equity shares outstanding during the year (used for calculation of diluted earnings per share)		
Class 'A'	36,995,000	36,995,000
Class 'B'	38,505,000	38,505,000
Earnings per share		
- basic (Rs.)-		
Class A shares	(0.01)	(0.01)
Class B shares	6.92	(22.21)
- diluted (Rs.)-		
Class A shares	(0.01)	(0.01)
Class B shares	6.92	(22.21)
Nominal value of equity share (Rs.per share)	10	10

33 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company has proper records for the domestic transactions entered into with the associated enterprise during the financial year, as required by law. The Management is of the opinion that its domestic transactions are at arm’s length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

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

34 **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. 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 after tax / equity	
		31-Mar-18	31-Mar-17
INR	+50	(0.59)	(0.64)
INR	(50)	0.59	0.64

Equity price risk

At the reporting date, the Company’s exposure to unlisted equity securities was ₹ 17.27 (31 March 2017: ₹ 17.27)

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-18	31-Mar-17
Trade receivables	13	3.27	50.03
Short term deposits with banks	15	0.86	1.70
Loans	8	5.23	93.88
Other financial asset	9	0.02	0.08
		9.37	**145.70**

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

The Company is having majority of receivables from State Distribution Companies which are Government undertakings and hence they are secured from credit losses in the future. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The Company's maximum exposure for financial guarantees are noted in note 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 contractual undiscounted cash flows payable under financial liabilities at 31 March 2018:

	Current	Non-current		Total
	< 12 months	1-5 years	> 5 years	
Loan and borrowings	58.63	161.40	79.34	299.37
Trade payables	85.53	-	-	85.53
Other financial liabilities	34.88	-	-	34.88
Total	**179.04**	**161.40**	**79.34**	**419.78**

The following is an analysis of the Comapny contractual undiscounted cash flows payable under financial liabilities at 31 March 2017:

	Current	Non-current		Total
	< 12 months	1-5 years	> 5 years	
Loan and borrowings	75.97	220.76	177.81	474.55
Trade payables	84.98	-	-	84.98
Other financial liabilities	32.76	-	-	32.76
Total	**193.71**	**220.76**	**177.81**	**592.29**

Capital management

Capital includes equity attributable to the equity holders of the parent 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 2018 and 31 March 2017.

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.

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

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

	31-Mar-18	31-Mar-17
Total borrowing	390.56	452.53
Less : Cash and bank balances	(0.72)	(12.43)
Less : Other bank balances	(0.86)	(1.70)
Net debt	**388.98**	**438.40**
Equity	(21.77)	(48.38)
Total equity	**(21.77)**	**(48.38)**
Net debt to equity ratio	**(17.86)**	**(9.06)**

35 **Financial Instruments**

Carrying amounts versus fair values

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

	Carrying amount 31-Mar-18	Fair value 31-Mar-18	Carrying amount 31-Mar-17	Fair value 31-Mar-17
Non- current financial assets				
Investments - At fair value through profit and loss	17.27	17.27	17.27	17.27
Loans	0.55	0.55	0.79	0.79
Other financial asset	0.00	0.00	0.00	0.00
Total non-current	**17.83**	**17.83**	**18.07**	**18.07**
Current financial assets				
Trade receivables	3.27	3.27	50.03	50.03
Cash and bank balances	0.72	0.72	12.43	12.43
Other bank balances	0.86	0.86	1.70	1.70
Loans	4.67	4.67	93.09	93.09
Other financial asset	0.02	0.02	0.08	0.08
Total current	**9.54**	**9.54**	**157.34**	**157.34**
Total	**27.37**	**27.37**	**175.40**	**175.40**
Non- current financial liabilities				
Borrowings	196.73	196.73	226.43	226.43
Total non-current	**196.73**	**196.73**	**226.43**	**226.43**
Current financial liabilities				
Borrowings	160.81	160.81	198.71	198.71
Trade payables	85.53	85.53	84.98	84.98
Other financial liabilities	67.89	67.89	60.15	60.15
Total current	**314.24**	**314.24**	**343.84**	**343.84**
Total	**510.96**	**510.96**	**570.27**	**570.27**

for Anant Rao & Mallik
Chartered Accountants
Firm Registration Number: 006266S

For Sai Lilagar Power Generation Limited
(Formerly Sai Lilagar Power Limited)

B V Mallikarjuna
Partner
Membership No.23350

N V Sreenivas
Wholetime Director
DIN: 07911930

S Kishore
Director
DIN: 00006627

Place: Hyderabad
Date: 13 June 2018

P V S Phani Kumar
Chief Financial Officer

Varsha Gupta
Company Secretary