V S Lignite Power Private Limited
Consolidated 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	6	667.49	703.70
(b) Capital work-in-progress	6	1.22	1.21
(c) Goodwill	7	0.16	0.16
(d) Other Intangible assets	7	125.70	131.50
(e) Financial Assets			
(i) Investments	8	-	0.00
(ii) Loans	9	4.74	4.54
(iii) Other financial assets	10	5.08	6.04
(f) Deferred tax assets (net)	11	43.44	43.44
(g) Other non-current assets	12	3.35	4.88
		851.17	**895.46**
2 Current assets			
(a) Inventories	13	28.02	26.48
(b) Financial Assets			
(i) Trade receivables	14	21.82	56.71
(ii) Cash and cash equivalents	15	3.36	1.27
(iii) Bank balances other than (ii) above	16	1.76	2.17
(iv) Loans	9	0.95	0.08
(v) Other financial assets	10	0.10	0.31
(c) Other current assets	12	34.01	31.10
		90.02	**118.12**
Total Assets		**941.19**	**1,013.57**
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	17	160.00	160.00
(b) Other Equity		(493.75)	(365.30)
		(333.75)	(205.30)
(c) Non - Controlling Interest		19.93	21.07
Total equity		**(313.82)**	**(184.23)**
1 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	642.14	659.62
(ii) Other financial liabilities	19	154.50	140.71
(b) Provisions	20	57.41	54.98
(c) Deferred tax liabilities (net)	11	4.45	2.93
(d) Other non-current liabilities	21	31.45	28.65
		889.96	**886.88**
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	138.14	132.48
(ii) Trade payables	22	75.50	78.96
(iii) Other financial liabilities	19	126.97	88.69
(b) Other current liabilities	21	24.44	10.78
(c) Current tax liabilities (Net)		0.01	0.02
		365.06	**310.92**
Total Equity and Liabilities		**941.19**	**1,013.57**

See accompanying notes to consolidated financial statements

As per our audit report of even date
for Jawahar & Associates
Chartered Accountants
FRN : 001281S

for and on behalf of the Board

Sd/-
M. Chandramouleswara Rao
Partner
Membership No. 024608

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

Sd/-
S Kishore
Director
DIN: 00006627

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Krishna Sowjanya
Company Secretary

Place : Hyderabad
Date : 13 June 2018

V S Lignite Power Private Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

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

		Note	Year ended 31 Mar 2018	Year ended 31 Mar 2017
I	Revenue from operations	23	100.46	80.88
II	Other Income	24	1.05	0.72
III	**Total revenue (I+II)**		**101.51**	**81.60**
IV	**Expenses**			
	Cost of fuel consumed	25	28.33	36.65
	Employee benefits expense	26	12.16	15.01
	Finance costs	27	61.44	106.51
	Other expenses	28	85.67	51.46
	Depreciation & amortization expense	6 & 7	41.95	40.21
	Total expenses		**229.54**	**249.83**
V	**(Loss)/ profit before tax (III - IV)**		**(128.03)**	**(168.23)**
VI	**Tax expense/(income)**			
	(a) Current tax			
	For the period		-	0.05
	Less: Mat credit entitlement		-	(0.05)
	(b) Deferred tax		1.52	(7.83)
	Total tax expenses / (income)		**1.52**	**(7.83)**
VII	**(Loss)/ profit after tax (V - VI)**		**(129.56)**	**(160.39)**
	Attributable to:			
	Equity holders of the parent		(128.42)	(159.78)
	Non-controlling interest		(1.14)	(0.62)
			(129.57)	**(160.40)**
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plans	29	0.03	(0.04)
	Total Other Comprehensive Income		**0.03**	**(0.04)**
IX	**Total comprehensive (loss)/income for the year (VII+VIII)**		**(129.59)**	**(160.35)**
	Attributable to:			
	Equity holders of the parent		(128.45)	(159.75)
	Non-controlling interest		(1.14)	(0.60)
			(129.59)	**(160.35)**
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		(9.58)	(11.92)

See accompanying notes to consolidated financial statements

As per our audit report of even date
for Jawahar & Associates
Chartered Accountants
FRN : 001281S

for and on behalf of the Board

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Partner
Membership No. 024608

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K Bapi Raju
Whole-time Director
DIN: 00940849

Sd/-
S Kishore
Director
DIN: 00006627

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Krishna Sowjanya
Company Secretary

Place : Hyderabad
Date : 13 June 2018

V S Lignite Power Private Limited
Consolidated Statement of Changes in Equity for the year ended 31 March 2018
(All amounts are in ₹ Crores, unless otherwise stated)

17 A. Equity Share Capital

Particulars	No of Shares	Amount
Balance as at 1 April 2016		
Class A of Rs10/- each	26,000,018	26.00
Class B of Rs10/- each	134,000,000	134.00
	160,000,018	**160.00**
Changes in equity share capital during the year	**-**	**-**
Balance as at 31 March 2017		
Class A of Rs10/- each	26,000,018	26.00
Class B of Rs10/- each	134,000,000	134.00
	160,000,018	**160.00**
Balance as at 1April 2017		
Class A of Rs10/- each	26,000,018	26.00
Class B of Rs10/- each	134,000,000	134.00
	160,000,018	**160.00**
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	**-**	**-**
Class A of Rs10/- each	26,000,018	26.00
Class B of Rs10/- each	134,000,000	134.00
	160,000,018	**160.00**

B. Other Equity

	Attributable to the equity holders of the parent			**Non-controlling interests**	**Total equity**
	Reserves and surplus	**Items of OCI**	**Total**		
Particulars	**Retained earnings**	**Actuarial gains / (losses)**			
Balance as at 1 April 2016	(205.42)	(0.13)	(205.55)	21.67	(183.88)
(Loss)/profit for the year	(159.78)	0.03	(159.75)	(0.60)	(160.36)
Other Comprehensive Income					
Remeasurement of defined benefit plans, net of tax					
Total comprehensive (loss)/profit for the year	**(159.78)**	**0.03**	**(159.75)**	**(0.60)**	**(160.36)**
Balance as at 31 March 2017	(365.20)	(0.10)	(365.30)	21.07	(344.23)
					-
Balance as at 1 April 2017	(365.20)	(0.10)	(365.30)	21.07	(344.23)
(Loss)/profit for the year	(128.42)	(0.02)	(128.45)	(1.14)	(129.59)
Total comprehensive (loss)/profit for the year	**(128.42)**	**(0.02)**	**(128.45)**	**(1.14)**	**(129.59)**
Balance as at 31 March 2018	**(493.62)**	**(0.12)**	**(493.75)**	**19.93**	**(473.82)**

See accompanying notes to consolidated financial statements

As per our audit report of even date
for Jawahar & Associates
Chartered Accountants
FRN : 001281S

for and on behalf of the Board

Sd/-
M. Chandramouleswara Rao
Partner
Membership No. 024608

Sd/-
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Whole-time Director
DIN: 00940849

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Director
DIN: 00006627

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Krishna Sowjanya
Company Secretary

Place : Hyderabad
Date : 13 June 2018

VS Lignite Powe Private Limited

Consolidated 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		(128.03)	(168.23)
Adjustments for:			-
Depreciation and amortisation expenses		41.95	40.21
Finance cost		61.44	106.51
Interest income		(0.50)	(0.47)
Bad debts/advances written off		53.06	-
Liabilities no longer required written back		(0.22)	-
Others, net		0.00	0.03
Operating profit before working capital changes		**27.70**	**(21.96)**
Adjustments for working capital			
Inventories		(1.53)	0.69
Trade receivables		(16.02)	22.52
Loans and advances		(0.21)	(0.00)
Other current assets		(3.66)	(19.16)
Trade payables		(3.24)	26.97
Other Liabilities and provisions		9.39	8.88
Cash generated from operations		**12.43**	**17.94**
Income tax (paid)/refund		0.08	0.29
Net cash from operating activities		**12.51**	**18.24**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets including capital work in progress		(1.35)	(1.42)
Inter corporate deposits-net		(0.87)	2.87
(Investment)/redemption of bank deposits		1.44	(0.88)
Interest income		0.64	1.44
Net cash from/(used in) investing activities		**(0.14)**	**2.01**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		11.58	22.27
Repayment of long term borrowings		(11.44)	(24.57)
Proceeds from /(repayment of) short term borrowing (net)		5.66	53.33
Payment of finance cost		(16.07)	(77.27)
Net cash used in financing activities		**(10.27)**	**(26.24)**
Net increase/(decrease) in cash and cash equivalents		2.09	(5.99)
Cash and cash equivalent - opening balance	15	1.27	7.26
Cash and cash equivalent - closing balance		**3.37**	**1.27**

VS Lignite Powe Private Limited

Consolidated 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	Others	
Long term borrowings	686.94	0.14	-	0.40	-	687.48
Shor term borrowings	132.48	5.66	-	-	-	138.14
Finance cost	178.08	(16.07)	59.05	(0.40)	(2.81)	217.85

As per our audit report of even date attached

for Jawahar & Associates
Chartered Accountants
FRN : 001281S

for and on behalf of the Board

Sd/-
M. Chandramouleswara Rao
Partner
Membership No. 024608

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

Sd/-
S Kishore
Director
DIN: 00006627

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Krishna Sowjanya
Company Secretary

Place : Hyderabad
Date : 13 June 2018

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

1 Corporate Information

1.1 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 was set up to build and operate a 135 MW power plant in Bikaner district of Rajasthan.

1.2 **Nature of operations**

VS Lignite Power Private Limited and its subsidiary (collectively referred to as 'the Group') are engaged in the business of generation of electricity in the state of Rajasthan.

2 Basis of preparation

2.1 **Statement of Compliance**

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

2.2 **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.

2.3 **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 Basis of consolidation

3.1 The consolidated financial statements incorporate the consolidated financial statements of the Company and its subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries
Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint operation.

3.2 **Particulars of Subsidiaries :**

Name of the Company	Principal activities	The Company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		31 Mar 2018	31 Mar 2017			31 Mar 2018	31 Mar 2017
Sai Maithili Power Company Private Limited (‘SMPCPL’)	Power generation	52	52	India	VSLPPL	52	52

4 Significant Accounting Policies

4.1 **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 Group 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 Group.

4.2 **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 starting on or after
IND AS 115	Revenue from Contracts with Customers	1 April 2018
Appendix B to IND AS 21	Foreign currency transaction and advanced considerati	1 April 2018

The Group 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.

4.3 **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.

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.

4.4 **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)
Mining asset	20
Software	3

4.5 **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.

4.6 **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.

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).

4.7 **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.

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

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

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

4.8 **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.

MAT Credit

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

4.9 **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.

4.10 **Financial assets**

Initial recognition

Financial assets within the scope of IND AS 109 are classified as:
- Debt instrument at amortised cost
- Debt instrument at fair value through other comprehensive income (FVTOCI)
- Debt instrument, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity Instruments measured at fair value through other comprehensive income (FVTOCI)

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company’s financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables and quoted and unquoted financial assets.

Subsequent measurement

The subsequent measurement of financial assets is dependent on their classification and it is as follows:

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.

This category is the most relevant to the Company. 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 group 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.

4.11 **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.

4.12 **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.

- 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.

4.13 **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.

4.14 **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.

4.15 **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.

4.16 **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.

4.17 **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.

4.18 **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.

4.19 **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.

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.

4.20 **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.

5.0 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. The carrying amounts are analysed in note No.6. 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.

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

6 Property, plant and equipment

	Land-Freehold	Buildings	Plant & Equipment	Furntiure & fixtrures	Vehicles	Office Equipment & Computers	Total	Capital work in progress
As at 1 April 2016	35.20	65.02	668.56	0.15	0.78	0.34	770.06	1.80
Additions	-	0.63	-	0.00	0.35	0.01	0.99	-
Disposals/transfers	-	-	-	-	-	-	-	(0.58)
As at 31 Mar 2017	35.20	65.65	668.56	0.16	1.13	0.35	771.05	1.21
As at 1 April 2017	35.20	65.65	668.56	0.16	1.13	0.35	771.05	1.21
Additions	-	-	-	0.01	-	0.01	0.02	0.00
Disposals/transfers	-	-	-	-	(0.40)	-	(0.40)	
As at 31 Mar 2018	**35.20**	**65.65**	**668.56**	**0.17**	**0.73**	**0.36**	**770.67**	**1.22**
Depreciation	**35.20**	**83.08**	**580.80**	**0.15**	**0.39**	**0.33**	**679.88**	**-**
As at 1 April 2016	-	2.38	30.97	0.02	0.04	0.05	33.45	-
Additions	-	2.38	31.14	0.03	0.24	0.11	33.90	-
Disposals/transfers	-	-	-	-	-	-	-	-
As at 31 Mar 2017	**-**	**4.76**	**62.11**	**0.05**	**0.28**	**0.15**	**67.35**	**-**
As at 1 April 2017	-	4.76	62.11	0.05	0.28	0.15	67.35	-
Additions	-	2.59	33.28	0.02	0.15	0.09	36.13	-
Disposals/transfers	-	-	-	-	(0.30)	-	(0.30)	-
As at 31 Mar 2018	**-**	**7.35**	**95.39**	**0.07**	**0.13**	**0.24**	**103.18**	**-**
Net book value								
As at 31 Mar 2017	35.20	60.89	606.44	0.11	0.86	0.20	703.70	1.21
As at 31 Mar 2018	35.20	58.30	573.16	0.10	0.61	0.12	667.49	1.22

Property, plant and equipment with a carrying amount of ₹ 668.70 (31 March 2017: ₹ 704.91) is subject to security restrictions (refer note 18)

7 Goodwill and Intangible assets

	Goodwill	Computer software	Mining asset	Total
As at 1 April 2016	0.16	0.53	143.72	144.41
Additions	-	0.07	-	0.07
As at 31 March 2017	**0.16**	**0.60**	**143.72**	**144.47**
As at 1 April 2017	0.16	0.60	143.72	144.47
Additions	-	0.02	-	0.02
As at 31 March 2018	**0.16**	**0.62**	**143.72**	**144.49**
Depreciation				
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**
As at 1 April 2017	-	0.53	12.29	12.82
Additions	-	0.04	5.78	5.82
As at 31 March 2018	**-**	**0.56**	**18.07**	**18.63**
Net book value				
As at 31 March 2017	0.16	0.07	131.43	131.66
As at 31 March 2018	0.16	0.06	125.65	125.86

Intangible assets with a carrying amount of ₹ 125.70 (31 March 2017: ₹ 131.50) is subject to security restrictions (refer note 18)

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8 **Investments**

	31-Mar-18	31-Mar-17
Non-current investments		
Investments in equity instruments - at fair value through OCI		
(unquoted, fully paid-up)		
Nil (31 March 2017: 10) equity shares fully paid up in Sai Lilagar Power Generation Limited	-	0.00
Nil (31 March 2017: 10) equity shares fully paid up in Sitapuram Power Limited	-	0.00
	-	**0.00**
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	-	0.00
Aggregate amount of impairment in the value of investments	-	-

9 **Loans**

	31-Mar-18	31-Mar-17
Non-current		
Unsecured, considered good		
Security Deposits	4.74	4.54
Total (A)	**4.74**	**4.54**
Current		
Unsecured, considered good		
Security Deposits	0.01	-
Other receivables	0.94	0.08
Total (B)	**0.95**	**0.08**
Total (A+B)	**5.69**	**4.62**

10 **Other financial assets**

	31-Mar-18	31-Mar-17
Non-current		
Deposits with banks	4.94	5.97
Interest accrued on deposits	0.15	0.07
Total (A)	**5.08**	**6.04**
Current		
Interest accrued on deposits	0.10	0.31
Total (B)	**0.10**	**0.31**
Total (A+B)	**5.18**	**6.34**

The Company has pledged its deposits with banks amounting to ₹ 4.94 (31 March 2017: ₹ 5.97) in order to fulfill collateral requirements.

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

11 Deferred tax asset (net)

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

	01-Apr-17	Recognised in the income statement	31-Mar-18
Deferred income tax assets			
MAT credit	0.50	-	0.50
Unused tax losses carried forward	42.93	-	42.93
	43.44	**-**	**43.44**
Deferred income tax liabilities			
Property, plant and equipment	2.93	1.52	4.45
	2.93	**1.52**	**4.45**
Deferred income tax asset, net	**40.51**	**(1.52)**	**38.98**

	01-Apr-16	Recognised in the income statement	31-Mar-17
Deferred income tax assets			
Property, plant and equipment	7.97	(7.97)	-
MAT credit	0.45	0.05	0.50
Unused tax losses carried forward	89.32	(46.39)	42.93
	97.74	**(54.31)**	**43.44**
Deferred income tax liabilities			
Property, plant and equipment	65.12	(62.19)	2.93
	65.12	(62.19)	2.93
Deferred income tax asset, net	**32.62**	**7.89**	**40.51**

The subsidiary is entitled to avail exemption under Section 80IA of the Income Tax Act, 1961 from income tax on profits of business for a specified period. Based on the assessment of the Company, deferred tax as on 31 Mar 2018 has been recognised only to the extent the timing differences arising in the current period which does not get reversed within the tax holiday period.

The Group has tax losses in ₹ 570.14 (2017: ₹ 434.80) 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.
If the Company were able to recognise all unrecognised deferred tax assets, loss would decrease by ₹ 197.32 (31 March 2017: ₹ 150.47). Of above, business tax losses expire by 2026.

Tax Reconciliation Statement

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
Accounting profit before tax	(128.03)	(168.23)
Enacted tax rates	34.61%	34.61%
Tax on profit at enacted rates	(45.41)	(58.39)
Expenditure not deductible for tax purpose	5.87	7.29
Unrecognised deferred tax assets	50.64	13.33
Deferred tax on land indexation	-	(7.97)
Change in unrecognised temporary differences	(9.53)	53.58
Others	(0.04)	(0.01)
Actual tax expense	1.52	7.83

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12 Other assets

	31-Mar-18	31-Mar-17
Non-current assets		
Advance tax & TDS receivable (*net of provision for tax*)	0.20	0.29
Capital Advances	0.02	0.11
Prepaid expenses	3.09	4.44
Prepaid lease rentals	0.04	0.04
Total (A)	**3.35**	**4.88**
Current assets		
Prepaid expenses	1.74	1.98
Advance for goods/services	31.50	25.28
Other advances	0.77	0.77
Balances with statutory authorities	-	3.06
Prepaid lease rentals	0.00	0.00
Total (B)	**34.01**	**31.10**
Total (A+B)	**37.35**	**35.97**

13 Inventories

	31-Mar-18	31-Mar-17
(at lower of cost or net realisable value)		
Fuel	0.77	1.61
Stores and spares	27.01	24.82
Stores and spares - in transit	0.23	0.05
	28.02	**26.48**

Inventory of ₹ 28.02 (31 March 2017: ₹ 26.48) for the Company is subject to security restrictions (refer note 18)

14 Trade receivables

	31-Mar-18	31-Mar-17
Secured, considered good		39.24
Unsecured, considered good	21.82	17.47
Total (A+B)	**21.82**	**56.71**

Trade receivable of ₹ 21.82 (31 March 2017: ₹ 56.71) for the Company have been pledged as security for borrowings (refer note 18)

The movement in the allowance for impairment in respect of trade receivable during the year was as follows:

	31-Mar-18	31-Mar-17
Opening balance	-	-
Impairment loss recognised	50.83	-
Amount written off	50.83	-
Closing balance	**-**	**-**

15 Cash and cash equivalents

	31-Mar-18	31-Mar-17
Balances with banks		
On current account	3.34	1.26
Cash on hand	0.02	0.01
Total	**3.36**	**1.27**

16 Other bank balances

	31-Mar-18	31-Mar-17
Deposits with banks	1.76	2.17
Total	**1.76**	**2.17**

The Company has pledged its deposit with banks amounting to ₹ 1.76 (31 March 2017: ₹ 2.17) in order to fulfill collateral requirements.

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

17 **Share capital**

	31-Mar-18	31-Mar-17
Authorised:		
376,300,000 (31 Mar 2017 : 376,300,000) equity shares of ₹ 10 each	376.30	376.30
123,700,000 (31 Mar 2017:123,700,000) preference shares of ₹ 10 each	123.70	123.70
	500.00	**500.00**
Issued, subscribed and paid up:		
26,000,018 (31 Mar 2017 : 26,000,018) class A equity shares of ₹ 10/- each fully paid-up	26.00	26.00
134,000,000 (31 Mar 2017 : 134,000,000) class B equity shares of ₹ 10/- each fully paid-up	134.00	134.00
	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 The holders of Class B equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of shareholders.

3 Equity shares held by holding company and subsidiaries of step up holding company

Name of the shareholder	31-Mar-18	31-Mar-17
Class B equity shares		
Holding company		
No of shares held	133,999,920	133,999,920
% of shares held	100%	100%
Subsidiaries of step up holding company		
No of shares held	80	80
% of shares held	0.00%	0.00%

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

Name of the shareholder	31-Mar-18	31-Mar-17
a) **Class A equity shares**		
Lafarge India Limited		
No of shares held	1,925,924	1,925,924
% of shares held	7.41%	7.41%
J K Lakshmi Cements Limited		
No of shares held	4,396,136	4,396,136
% of shares held	16.91%	16.91%
Suzuki Textiles Limited		
No of shares held	4,186,795	4,186,795
% of shares held	16.10%	16.10%
Nahar Industrial Enterprises Limited		
No of shares held	3,558,786	3,558,786
% of shares held	13.69%	13.69%
J K Cements Limited		
No of shares held	3,140,104	3,140,104
% of shares held	12.08%	12.08%
Reliance Chemotex Industries Limited		
No of shares held	1,674,719	1,674,719
% of shares held	6.44%	6.44%
Rajaratna Metal Industries Limited		
No of shares held	1,978,318	1,978,318
% of shares held	7.61%	7.61%
b) **Class B equity shares**		
KSK Electricity Financing India Private Limited		
No of shares held	133,999,920	133,999,920
% of shares held	100.00%	100.00%

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

18 **Borrowings**

	31-Mar-18	31-Mar-17
Long-term borrowings		
Secured		
Term loans		
Rupee loan from banks (*refer note (a & d)*)	299.89	357.94
Rupee loan from others *(refer note (a, g & d))*	218.54	177.91
Hire purchase loan		
Rupee loan from others (refer note h)	0.14	0.20
Unsecured		
Class 'A' Preference Shares (*refer note b*)	25.07	25.07
Class 'B' Preference Shares (*refer note c*)	98.50	98.50
Total (A)	**642.14**	**659.62**
Short term borrowings		
Secured		
Loan repayable on demand		
From banks *(refer note (e))*	47.74	47.73
Unsecured		
Other loans and advances	90.40	84.75
Total (B)	**138.14**	**132.48**
Total (A+B)	**780.28**	**792.10**

Details of securities pledged & repayment terms
V S Lignite Power Private Limited :

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 avergae interest rate of 14.91% p.a.

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

f) The lenders on 29th August 2017 have decided to implement change in Management and restructure the debt under "Outside Strategic Debt Restructuring Scheme ('OSDR') as per the Reserve Bank of India (RBI) guidelines. However, RBI notification dated 12th February, 2018 repealed all debt restructuring schemes (including OSDR) and directed lenders to implement any debt structuring as per the revised guidelines. The Company is in active discussion with lenders to work out resolution plan by way of change of control.
Pending completion of the change in management process/resolution under the new circular, the Company has continued to classify the loan as current and non-current as per the existing repayment schedule and stopped accruing interest on such loans w.e.f. 29 August 2017.

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

Sai Maithili Power Company Private Limited :

a) Security : Rupee term from Bank is secured by first pari passu charge by way of mortgage on all the Company's immovable properties and hypothecation of whole of the movable fixed assets both present and future. Pledge of certain equity shares of the company. Corporate guarantee of KSK Energy Ventures Limited and VS Lignite Power Private Limited.

g) Security : Rupee term loan from is secured by first ranking pari passu charge on the Company's current assets, factories, premises and godowns situated at Gurha Village, Bikaner district of Rajasthan, movable properties, rights under project documents, Project accounts, receivables, rights under insurance policies, intellectual property. Pledge of equity shares of the Company by the Promoters.

h) Hire purchase loan is secured by pledge of vehicle purchased. The hire purchase borrowing carries an weightage average rate of interest of 9.40%.

d) The long term rupee loan is repayable by August 2031, in monthly and quarterly installments. The long term borrowings carries an weightage average rate of interest of 13.66%.

19 **Other financial liabilities**

	31-Mar-18	31-Mar-17
Non current		
Interest accrued	154.50	140.71
Total (A)	**154.50**	**140.71**
Current		
Current maturities of long tem debt	45.34	27.32
Interest accrued	63.35	37.37
Creditors for capital goods (including retention money)	9.75	11.16
Other liabilities	5.00	7.77
Salary and bonus payable	3.53	5.07
Total (B)	**126.97**	**88.69**
Total (A+B)	**281.47**	**229.40**

20 **Provisions**

	31-Mar-18	31-Mar-17
Long-term provisions		
For employee benefits (*refer note a*)	0.72	0.69
Provision for restoration cost (*refer note b*)	56.69	54.29
	57.41	**54.98**

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

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-18	31-Mar-17
Defined benefit obligation	1.62	1.29
Fair value of plan assets	0.90	0.60
Benefit liability	**0.72**	**0.69**

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	1.29	1.15
Included in income statement		
Current service cost	0.21	0.26
Past Service Cost - vested benefits	0.01	-
Interest cost	0.10	0.09
	1.61	**1.50**
Included in other comprehensive income		
Remeasurement loss / (gain)		
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in financial assumptions	(0.07)	0.04
experience variance (i.e. Actual experience vs assumptions)	0.08	(0.08)
	0.01	**(0.04)**
Others		
Benefits paid	(0.21)	(0.17)
Past Service Cost	0.21	
	0.00	**(0.17)**
Defined benefit obligation as at the end of the year	**1.62**	**1.29**

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	0.60	0.48
Included in income statement		
Interest income	0.04	0.04
	0.04	**0.04**
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	0.47	0.24
Benefits Paid	(0.21)	(0.17)
	0.26	**0.07**
Fair value of plan assets end of the period	**0.90**	**0.60**

Net defined benefit liability (asset)

	31-Mar-18	31-Mar-17
Balance	0.69	0.66
Included in income statement		
Current service cost	0.43	0.26
Interest cost/(income)	0.05	0.05
	0.48	**0.31**

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

	31-Mar-18	31-Mar-17
Included in other comprehensive income		
Remeasurement loss / (gain)		
Actuarial (gains) on obligation		
Change in financial assumptions	(0.07)	0.04
experience variance (i.e. Actual experience vs assumptions)	0.08	(0.08)
Return on plan asset (excluding amounts included in net interest expense)	0.01	(0.00)
	0.02	**(0.04)**
Others		
Contributions by employer	(0.47)	(0.24)
	(0.47)	**(0.24)**
Defined benefit obligation as at the end of the year	**0.72**	**0.69**

Asset information

	31-Mar-18	31-Mar-17
Insurer managed funds	100.00%	100.00%
Principal actuarial assumptions as at balance sheet date		
Discount rate	7.80%	7.45%
Salary escalation	10.00%	10.00%

Sensitivity analysis

	31-Mar-18		31-Mar-17	
	Decrease	**Increase**	**Decrease**	**Increase**
Discount Rate (- / + 1% movement)	0.11	(0.28)	0.14	(0.25)
Salary Growth Rate (- / + 1% movement)	(0.26)	0.07	(0.21)	0.06

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 restoration cost**

	31-Mar-18
Opening balance	54.29
Unwinding of discount	2.39
Closing balance	**56.69**

The Company has paid ₹ 4.93 against the referd provision.

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

21 **Other liabilities:**

	31-Mar-18	31-Mar-17
Non current		
Other liabilities	31.45	28.65
Total (A)	**31.45**	**28.65**
Current		
Statutory liabilities	10.64	10.78
Deferred revenue	13.79	-
Total (B)	**24.44**	**10.78**
Total (A+B)	**55.89**	**39.43**

22 **Trade payables**

	31-Mar-18	31-Mar-17
Dues to other than Micro and Small enterprises	75.50	78.96
	75.50	**78.96**

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 fuel 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)

23 Revenue from operations

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Sale of electricity	100.46	80.88
Other operating income	-	0.01
	100.46	**80.88**

24 Other income

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Interest received	0.50	0.47
Profit on sale of fixed assets	0.05	-
Miscellaneous income	0.22	0.00
Unwinding of discount on deposits	0.28	0.24
	1.05	**0.72**

Note:

Interest income of ₹ 0.50 (31 March 2017: ₹ 0.47) comprises of interest on financial assets, which includes interest from fixed deposits with banks, interest on others and income tax refund.

25 Cost of fuel consumed

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Lignite	27.51	36.20
Lime stone	0.82	0.45
	28.33	**36.65**

26 Employee benefits expense

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Salaries, wages and bonus	11.05	13.86
Contribution to provident and other funds (*refer note 20*)	0.75	0.72
Staff welfare expenses	0.35	0.42
	12.16	**15.01**

27 Finance costs

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Interest expense (*refer note 18*)	44.20	88.45
Other borrowing cost	0.78	0.85
Unwinding of discount on restoration cost & deposit	2.67	3.42
Interest on redeemable preference shares	13.79	13.79
	61.44	**106.51**

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

28 **Other expenses**

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Stores and spares	3.25	3.26
Repairs and maintenance	12.79	17.44
Cost of import power	5.69	5.63
Raw water charges	0.13	6.60
Rent	1.69	2.03
Rates and taxes	3.04	2.91
Communication expenses	0.26	0.29
Insurance charges	0.97	0.53
Legal and professional charges	1.26	0.87
Remuneration to auditors		
for audit	0.06	0.06
for other services	0.01	0.01
Bad debts/advances written off	53.06	-
Travel and conveyance	1.01	0.60
Electricity expenses	0.24	0.40
Corporate support service charges	-	7.76
Freight - Outward	0.62	0.75
Security/Watch & Ward Expenses	1.00	1.27
Recruitment/training expenses	0.00	0.12
Corporate social responsibility	0.04	0.08
Green belt expenses	0.17	0.22
Foreign exchange loss (net)	-	0.00
Miscellaneous expenses	0.38	0.64
	85.67	**51.46**

29 **Items that will not be reclassified to profit or loss**

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Actuarial gain / (loss)	0.03	(0.04)

30 **Contingent liabilities**

Particulars	**31 Mar 2018**	**31 Mar 2017**
I. Corporate guarantees given	48.28	50.55

II. The Company has received claims for ₹ 59.21 (31 Mar 2017: ₹ 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: ₹ 441.58 (31 March 2017: ₹ 4.90)

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

31 **Segment information**

The Group 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.

32 **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

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	KSK Energy Resources Private Limited	Fellow subsidiary
9	Raigarh Champa Rail Infrastructure Private Limited **	Fellow subsidiary
10	KSK Surya Photovoltaic Venture Limited	Fellow subsidiary

* Ceased to be Fellow subsidiary from 05 Jan 2018
** Ceased to be Fellow subsidiary from 26 Mar 2018

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 2018	
S.No.	**Particulars**	**Holding / Step-up holding**	**Fellow subsidiary**
(i)	Purchase/(sale) of Stores & Spares	-	0.01
(ii)	Finance costs	13.79	-
(iii)	Loans taken/(repaid)	6.50	(0.85)
(iv)	Advances given/Refund of advances	7.79	(2.41)

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

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)	Loans taken from	52.98	6.79
(v)	Finance costs	13.79	-
(vi)	Refund of advances	-	0.50
(vii)	Advances given/Refund of advances	(0.08)	21.00
(viii)	Security deposits taken	1.40	-

Balances

S.No.	**Nature of transaction**	**Holding / Step-up holding**	**Fellow Subsidiary**
31 March 2018			
(1)	Amount receivable from	7.86	22.60
(2)	Amount payable to	341.60	16.86
31 March 2017			
(1)	Amount receivable from	0.07	24.07
(2)	Amount payable to	321.26	25.76

(a) Bank guarantees amounting to ₹ 2.0 (31 Mar 2017: ₹ 2.9) have been given by step-up holding company on behalf of the company.

(b) Corporate guarantees of ₹ Nil (31 Mar 2017: ₹ 43.41) have been given on behalf of the fellow subsidiary company.

(c) Corporate guarantees of ₹ 50 (31 Mar 2017: ₹ 50) have been given on behalf of the step up holding company.

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

	Year ended	
Particulars	**31 Mar 2018**	**31 Mar 2017**
Net profit / (loss) after tax and minority interest	(128.42)	(159.78)
Loss attributable to class A equity share holders	(0.00)	(0.00)
Profit / (Loss) attributable to class B equity share holders	(128.42)	(159.78)
Weighted average number of equity shares for basic and diluted 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	(9.58)	(11.92)
Face value of shares	10	10

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

34 Financial risk managament objectives and policies

The Group’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 Group through appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Group’s policies and risk objectives.

In the ordinary course of business, the Group 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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 Group’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 18	31 Mar 17
INR	+50	2.69	2.71
INR	-50	(2.69)	(2.71)

Foreign currency risk

The Group'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 . 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 Group.

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

Particulars of Unhedged foreign Currency Exposure

Particulars	As at	
	31 Mar 18	31 Mar 17
Import creditors - INR	0.08	0.30
USD	0.00	0.00

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

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

31 Mar 18	**Closing exchange rate**	**Effect of 5% strengthening of US $ on net earnings**	**Effect of 5% strengthening of US $ on total equity**
USD	65.073	(0.02)	(0.02)
31 Mar 17	**Closing exchange rate**	**Effect of 5% strengthening of US $ on net earnings**	**Effect of 5% strengthening of US $ on total equity**
USD	64.880	(0.02)	(0.02)

Equity price risk

At the reporting date, the Group's exposure to unlisted equity securities was ₹ Nil (31 March 2017 ₹ 0.00002).

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 Group 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	14	21.82	56.71
Short term deposits with banks	16	1.76	2.17
Loans	9	0.95	0.08
Other financial asset	10	5.18	6.34
		29.72	**65.30**

The Group has exposure to credit risk from a limited customer group on account of supply of power. The credit worthiness of customers to which the Group 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 Group's maximum exposure for financial guarantees are noted in note 31.

The Group'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.

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

Liquidity risk analysis

The Group'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 Group 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 Group's contractual undiscounted cash flows payable under financial liabilities at 31 March 2018:

	Current	Non-current		Total
	within 12 months	1-5 years	Later than 5 years	
Loan and borrowings	256.37	490.32	636.87	1,383.57
Trade and other payables	75.50	-	-	75.50
Other financial liabilities	236.13	-	-	236.13
Total	**568.00**	**490.32**	**636.87**	**1,695.20**

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

	Current	Non-current		Total
	within 12 months	1-5 years	Later than 5 years	
Loan and borrowings	81.66	390.44	709.22	1,181.32
Trade and other payables	78.96	-	-	78.96
Other financial liabilities	202.08	-	-	202.08
Total	**362.69**	**390.44**	**709.22**	**1,462.35**

Capital management

Capital includes equity attributable to the equity holders of the parent and debt.

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

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

	31 Mar 18	31 Mar 17
Total borrowing	780.28	792.10
Less : Cash and bank balances	(3.36)	(1.27)
less : Other bank balances	(1.76)	(2.17)
Net debt	**775.15**	**788.65**
Equity	(333.75)	(205.30)
Total equity	**(333.75)**	**(205.30)**
Net debt to equity ratio	**(2.32)**	**(3.84)**

V S Lignite Power Private Limited
Notes to Consolidated financial statements
(All amounts in Indian Rupees, except share data and where otherwise stated)

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	Fair value	Carrying amount	Fair value
	31 Mar 18	31 Mar 18	31 Mar 17	31 Mar 17
Non- current financial assets				
Investments - At fair value through OCI	-	-	0.00	0.00
Loans	4.74	4.74	4.54	4.54
Other financial asset	5.08	5.08	6.04	6.04
Total non-current	**9.82**	**9.82**	**10.58**	**10.58**
Current financial assets				
Trade receivables	21.82	21.82	56.71	56.71
Cash and bank balances	3.36	3.36	1.27	1.27
Other bank balances	1.76	1.76	2.17	2.17
Loans	0.95	0.95	0.08	0.08
Other financial asset	0.10	0.10	0.31	0.31
Total current	**27.99**	**27.99**	**60.54**	**60.54**
Total	**37.82**	**37.82**	**71.12**	**71.12**
Non- current financial liabilities				
Borrowings	642.14	642.14	659.62	659.62
Other financial liabilities	154.50	154.50	140.71	140.71
Total non-current	**796.64**	**796.64**	**800.33**	**800.33**
Current financial liabilities				
Borrowings	138.14	138.14	132.48	132.48
Trade payables	75.50	75.50	78.96	78.96
Other financial liabilities	126.97	126.97	88.69	88.69
Total current	**340.61**	**340.61**	**300.13**	**300.13**
Total	**1,137.25**	**1,137.25**	**1,100.45**	**1,100.45**

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

36 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary

Name of the Entity	31-Mar-18							
	Net assets, i.e. Total assets minus Total liabilities		Share in profir or (loss)		Share in compreshnsive income		Share in total comprehensive (loss) income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount
Parent	111%	(332.15)	98%	(127.18)	90%	0.03	98%	(127.21)
Subsidiary Indian								
Sai Maithili Power Company Private Limited	-11%	33.93	2%	(2.38)	10%	0.00	2%	(2.38)
	100%	(298.21)	100%	(129.57)	100%	0.03	100%	(129.59)
Adjustment arising out of consolidation		15.61						-
Non-controlling interest		19.93		(1.14)		0.00		(1.14)
Consolidated net assets / Share in total comprehensive income		**(333.75)**		**(128.42)**		**0.03**		**(128.45)**

Name of the Entity	31-Mar-17							
	Net assets, i.e. Total assets minus Total liabilities		Share in profir or (loss)		Share in compreshnsive income		Share in total comprehensive (loss) income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount
Parent	122%	(204.94)	99%	(159.11)	-138%	(0.02)	99%	(159.10)
Subsidiary Indian								
Sai Maithili Power Company Private Limited	-22%	36.31	1%	(1.28)	238%	0.03	1%	(1.26)
	100%	(168.62)	100%	(160.40)	100%	0.01	100%	-160.36
Adjustment arising out of consolidation		15.61						-
Non-controlling interest		21.07		(0.62)		0.01		(0.60)
Consolidated net assets / Share in total comprehensive income		**(205.30)**		**(159.78)**		**(0.00)**		**(159.75)**

As per our audit report of even date
for Jawahar & Associates
Chartered Accountants
FRN : 001281S

for and on behalf of the Board

Sd/-
M. Chandramouleswara Rao
Partner
Membership No. 024608

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

Sd/-
S Kishore
Director
DIN: 00006627

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Krishna Sowjanya
Company Secretary

Place : Hyderabad
Date : 13 June 2018

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

37 Statement containing salient features of the financial statement of Subsidiary

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

Name of the Subsidiary Company	Reporting Period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities (excluding Share Capital & Reserves)	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit after Taxation	% of Share-holding	Date of Acquisition
Sai Maithili Power Company Private Limited	31-Mar-18	Indian Rupee	4.33	29.60	112.79	78.85	14.47	(0.86)	1.52	(2.38)	52%	31-Jul-06

for and on behalf of the Board

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

Sd/-
S Kishore
Director
DIN: 00006627

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Krishna Sowjanya
Company Secretary

Place : Hyderabad
Date : 13 June 2018

V S Lignite Power Private 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	588.43	620.71
(b) Capital work-in-progress	5	1.22	1.21
(c) Other Intangible assets	6	125.70	131.50
(d) Financial Assets			
(i) Investments	7	15.76	15.76
(ii) Loans	8	4.74	4.54
(iii) Other financial assets	9	5.08	6.04
(e) Deferred tax assets (net)	10	42.93	42.93
(f) Other non-current assets	11	3.05	4.62
		786.92	**827.32**
2 Current assets			
(a) Inventories	12	27.87	26.39
(b) Financial Assets			
(i) Trade receivables	13	20.44	55.31
(ii) Cash and cash equivalents	14	2.50	0.39
(iii) Bank balances other than (ii) above	15	0.44	1.98
(iv) Loans	8	0.94	0.07
(v) Other financial assets	9	0.06	0.30
(c) Other current assets	11	4.34	6.80
		56.59	**91.25**
Total Assets		**843.51**	**918.57**
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	16	160.00	160.00
(b) Other Equity	16	(492.15)	(364.94)
		(332.15)	**(204.94)**
1 **Non-current liabilities**			
(a) Financial Liabilities			
(i) Borrowings	17	577.84	600.21
(ii) Other financial liabilities	18	154.50	140.71
(b) Provisions	19	57.38	54.92
(c) Other non-current liabilities	20	31.45	28.65
		821.17	**824.48**
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	138.14	131.08
(ii) Trade payables	21	75.04	78.62
(iii) Other financial liabilities	18	116.98	78.65
(b) Other current liabilities	20	24.33	10.68
		354.48	**299.02**
Total Equity and Liabilities		**843.51**	**918.57**

See accompanying notes to the financial statements

As per our audit report of even date
for Jawahar & Associates
Chartered Accountants
FRN : 001281S

for and on behalf of the Board

Sd/-
M. Chandramouleswara Rao
Partner
Membership No. 024608

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

Sd/-
S Kishore
Director
DIN: 00006627

Place : Hyderabad
Date : 13 June 2018

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Krishna Sowjanya
Company Secretary

V S Lignite Power Private 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 Mar 2018	Year ended 31 Mar 2017
I	Revenue from operations	22	85.99	66.45
II	Other Income	23	0.99	0.70
III	**Total revenue (I+II)**		**86.98**	**67.15**
IV	**Expenses**			
	Cost of fuel consumed	24	28.33	36.65
	Employee benefits expense	25	11.49	14.42
	Finance costs	26	52.14	98.50
	Other expenses	27	84.18	49.76
	Depreciation and amortisation expenses	5 & 6	38.02	36.29
	Total expenses		**214.16**	**235.63**
V	**(Loss)/ profit before tax (III - IV)**		**(127.18)**	**(168.47)**
VI	**Tax expense/(income)**			
	Deferred Tax	10	-	(9.36)
	Total tax expenses / (income)		**-**	**(9.36)**
VII	**(Loss)/ profit after tax (V - VI)**		**(127.18)**	**(159.11)**
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plans	28	0.03	(0.02)
	Total Other Comprehensive Income		**0.03**	**(0.02)**
IX	**Total comprehensive (loss)/income for the year (VII+VIII)**		**(127.21)**	**(159.10)**
X	**Earnings per equity share**	32		
	Basic and diluted - face value of Rs.10 per share			
	Class A shares		(0.00)	(0.00)
	Class B shares		(9.49)	(11.87)

See accompanying notes to financial statements

As per our audit report of even date
for Jawahar & Associates
Chartered Accountants
FRN : 001281S

Sd/-
M. Chandramouleswara Rao
Partner
Membership No. 024608

for and on behalf of the Board

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

Sd/-
S Kishore
Director
DIN: 00006627

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Krishna Sowjanya
Company Secretary

Place : Hyderabad
Date : 13 June 2018

V S Lignite Power Private 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 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 at 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**
Balance as at 1 April 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**
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018		
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

	Attributable to the equity holders of the parent		**Total equity**
	Reserves and surplus	**Items of OCI**	
Particulars	**Retained earnings**	**Actuarial gains / (losses)**	
Balance as at 1 April 2016	(205.84)		(205.84)
(Loss)/profit for the year	(159.11)		(159.11)
Other Comprehensive Income	**(364.95)**	**-**	**(364.95)**
Remeasurement of defined benefit plans, net of tax		0.02	0.02
Total comprehensive (loss)/profit for the year	**(364.95)**	**0.02**	**(364.94)**
Balance as at 31 March 2017	**(364.95)**	**0.02**	**(364.94)**
Balance as at 1 April 2017	**(364.95)**	**0.02**	**(364.94)**
(Loss)/profit for the year	(127.18)		(127.18)
Remeasurement of defined benefit plans, net of tax		(0.03)	(0.03)
Total comprehensive (loss)/profit for the year	**(127.18)**	**(0.03)**	**(127.21)**
Balance as at 31 March 2018	**(492.13)**	**(0.01)**	**(492.15)**

See accompanying notes to financial statements

As per our audit report of even date
for Jawahar & Associates
Chartered Accountants
FRN : 001281S

for and on behalf of the Board

Sd/-
M. Chandramouleswara Rao
Partner
Membership No. 024608

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

Sd/-
S Kishore
Director
DIN: 00006627

Place : Hyderabad
Date : 13 June 2018

Shishir Shrikant Kalkonde
Chief Financial Officer

G Krishna Sowjanya
Company Secretary

VS Lignite Power Private 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		(127.18)	(168.47)
Adjustments for:			
Depreciation and amortisation expenses		38.02	36.29
Finance cost		52.14	98.50
Interest income		(0.45)	(0.45)
Bad debts/advances written off		53.06	-
Liabilities no longer required written back		(0.22)	-
Operating profit before working capital changes		**15.38**	**(34.14)**
Adjustments for working capital			-
Inventories		(1.48)	0.74
Trade receivables		(16.04)	22.50
Loans and advances		(0.20)	(0.00)
Other current assets		1.70	1.81
Trade payables		(3.36)	27.37
Other Liabilities and provisions		9.40	8.80
Cash generated from operations		**5.39**	**27.09**
Income tax (paid)/refund		0.14	0.30
Net cash from operating activities		**5.53**	**27.39**
CASH FLOW FROM INVESTING ACTIVITIES			-
Purchase of fixed assets including capital work in progress		0.05	(0.07)
Inter corporate deposits-net		(0.87)	2.87
(Investment)/redemption of bank deposits		2.57	(0.87)
Interest income		0.62	1.43
Net cash from/(used in) investing activities		**2.37**	**3.36**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term borrowings		(5.47)	(19.20)
Proceeds from /(repayment of) short term borrowing (net)		7.06	51.93
Payment of finance cost		(7.39)	(69.56)
Net cash used in financing activities		**(5.80)**	**(36.83)**
Net increase/(decrease) in cash and cash equivalents		2.10	(6.08)
Cash and cash equivalent - opening balance	14	0.39	6.47
Cash and cash equivalent - closing balance	14	**2.50**	**0.39**

VS Lignite Power Private 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	Others	
Long term borrowings	621.42	(5.47)		0.36		616.31
Shor term borrowings	131.08	7.06				138.14
Finance cost	177.53	(7.39)	49.75	(0.36)	(2.81)	216.73

As per our audit report of even date attached

for Jawahar & Associates
Chartered Accountants
FRN : 001281S

Sd/-
M. Chandramouleswara Rao
Partner
Membership No. 024608

Place : Hyderabad
Date : 13 June 2018

for and on behalf of the Board

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

Sd/-
S Kishore
Director
DIN: 00006627

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Krishna Sowjanya
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 power plant in Bikaner district of Rajasthan.

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, as 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 starting on or after
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.

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.

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)
Mining asset	20
Software	3

3.5 **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.

3.6 **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).

3.7 **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.

3.8 **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.

3.9 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.

3.10 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
- 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.

3.11 **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.

3.12 **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.

3.13 **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.

3.14 **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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 **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.

3.20 **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.

(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
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	63.01	580.80	0.14	0.79	0.32	680.26	1.21
As at 1 April 2017	35.20	63.01	580.80	0.14	0.79	0.32	680.26	1.21
Additions	-	-	-	0.01	-	0.00	0.02	0.00
Disposals/transfers	-	-	-	-	(0.40)	-	(0.40)	
As at 31 Mar 2018	**35.20**	**63.01**	**580.80**	**0.15**	**0.39**	**0.33**	**679.88**	**1.22**
Depreciation								
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**	**-**
As at 1 April 2017	-	4.57	54.54	0.05	0.25	0.14	59.55	-
Additions		2.50	29.50	0.02	0.11	0.08	32.21	-
Disposals/transfers	-	-	-	-	(0.30)	-	(0.30)	-
As at 31 Mar 2018	**-**	**7.07**	**84.04**	**0.06**	**0.06**	**0.22**	**91.45**	**-**
Net book value								
As at 31 Mar 2017	35.20	58.44	526.26	0.09	0.54	0.18	**620.71**	1.21
As at 31 Mar 2018	35.20	55.94	496.76	0.09	0.33	0.11	**588.43**	1.22

Property, plant and equipment with a carrying amount of ₹ 589.64 (31 March 2017: ₹ 621.92) is subject to security restrictions (refer note 17)

6 Intangible assets

	Computer software	Mining asset	Total
As at 1 April 2016	0.53	143.72	144.25
Additions	0.07	-	0.07
As at 31 March 2017	**0.60**	**-**	**144.32**
As at 1 April 2017	0.60	-	144.32
Additions	0.02	-	0.02
As at 31 March 2018	**0.62**	**-**	**144.34**
Depreciation			
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**
As at 1 April 2017	0.53	12.29	12.82
Additions	0.04	5.78	5.82
As at 31 March 2018	**0.56**	**18.07**	**18.63**
Net book value			
As at 31 March 2017			131.50
As at 31 March 2018			125.70

Intangible assets with a carrying amount of ₹ 125.70 (31 March 2017: ₹ 131.50) is subject to security restrictions (refer note 17)

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

7 Investments

	31-Mar-18	31-Mar-17
Non-current investments		
Investments in equity instruments		
(unquoted, fully paid-up)		
Investments in subsidiary at cost		
2,251,600 (31 Mar 2017 - 2,251,600) equtiy shares of Rs 10 each in Sai Maithili Power Company Private Limited	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
Aggregate amount of impairment in the value of investments	-	-

8 Loans

	31-Mar-18	31-Mar-17
Non-current		
Unsecured, considered good		
Security Deposits	4.74	4.54
Total (A)	**4.74**	**4.54**
Current		
Unsecured, considered good		
Other receivables	0.94	0.07
Total (B)	**0.94**	**0.07**
Total (A+B)	**5.68**	**4.62**

9 Other financial assets

	31-Mar-18	31-Mar-17
Non-current		
Deposits with banks	4.94	5.97
Interest accrued on deposits	0.15	0.07
Total (A)	**5.08**	**6.04**
Current		
Interest accrued on deposits	0.06	0.30
Total (B)	**0.06**	**0.30**
Total (A+B)	**5.14**	**6.34**

The Company has pledged its deposits with banks amounting to ₹ 4.94 (31 March 2017: ₹ 5.97) in order to fulfill collateral requirements.

10 Deferred tax asset (net)

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

	1-Apr-17	Recognised in P&L	31-Mar-18
Deferred income tax assets			
Unused tax losses carried forward	42.93	-	42.93
Deferred income tax asset, net	**42.93**	**-**	**42.93**

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

	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**

The company has tax losses in ₹ 570.14 (2017: ₹ 434.80) 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. If the Company were able to recognise all unrecognised deferred tax assets, loss would decrease by ₹ 197.32 (31 March 2017: ₹ 150.47). Of above, business tax losses expire by 2026.

Tax Reconciliation statement

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	(127.18)	(168.47)
Enacted tax rates	34.61%	34.61%
Tax on Profit at enacted rates	(44.01)	(58.31)
Expenditure not deductible for tax purpose	5.87	7.29
Unrecognised deferred tax assets	47.72	14.77
Deferred tax on land indexation	-	(7.97)
Change in unrecognised temporary differences	(9.53)	53.58
Others	(0.04)	(0.01)
Actual tax expense	**0.00**	**9.36**

11 **Other assets**

	31-Mar-18	31-Mar-17
Non-current assets		
Advance tax & TDS receivable (*net of provision for tax*)	0.15	0.29
Capital Advances	0.02	0.11
Prepaid expenses	2.85	4.18
Prepaid lease rentals	0.03	0.04
Total (A)	**3.05**	**4.62**
Current assets		
Prepaid expenses	1.59	1.97
Advance for goods/services	1.98	1.00
Other advances	0.77	0.77
Balances with statutory authorities	-	3.06
Prepaid lease rentals	0.00	0.00
Total (B)	**4.34**	**6.80**
Total (A+B)	**7.40**	**11.42**

12 **Inventories**

	31-Mar-18	31-Mar-17
(at lower of cost or net realisable value)		
Fuel	0.77	1.61
Stores and spares	26.87	24.73
Stores and spares - in transit	0.23	0.05
	27.87	**26.39**

Inventory of ₹ 27.87 (31 March 2017: ₹ 26.39) for the Company is subject to security restrictions (refer note 17)

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

13 Trade receivables

	31-Mar-18	31-Mar-17
Secured, considered good	-	37.85
Unsecured, considered good	20.44	17.47
Total	**20.44**	**55.31**

Trade receivable of ₹ 20.44 (31 March 2017: ₹ 55.31) for the Company have been pledged as security for borrowings (refer note 17)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	31-Mar-18	31-Mar-17
Opening balance	-	-
Impairment loss recognised	50.83	-
Amount written off	50.83	-
Closing balance	-	-

14 Cash and cash equivalents

	31-Mar-18	31-Mar-17
Balances with banks		
On current account	2.49	0.38
Cash on hand	0.01	0.01
Total	**2.50**	**0.39**

15 Other bank balances

	31-Mar-18	31-Mar-17
Deposits with banks	0.44	1.98
Total	**0.44**	**1.98**

The Company has pledged its deposit with banks amounting to ₹ 0.44 (31 March 2017: ₹ 1.98) in order to fulfill collateral requirements.

16 Share capital

	31-Mar-18	31-Mar-17
Authorised:		
376,300,000 (31 Mar 2017 : 376,300,000) equity shares of ₹10 each	376.30	376.30
123,700,000 (31 Mar 2017: 123,700,000) preference shares of ₹10 each	123.70	123.70
	500.00	**500.00**
Issued, subscribed and paid up:		
26,000,018 (31 Mar 2017 : 26,000,018) class A equity shares of ₹10/- each fully paid-up	26.00	26.00
134,000,000 (31 Mar 2017 : 134,000,000) class B equity shares of ₹10/- each fully paid-up	134.00	134.00
	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 The holders of class B equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of shareholders.

3 Equity shares held by holding company and subsidiaries of step up holding company

Name of the share holder	**31-Mar-18**	**31-Mar-17**
Class B equity shares		
Holding company		
No of shares held	133,999,920	133,999,920
% of shares held	100%	100%
Subsidiaries of step up holding company		
No of shares held	80	80
% of shares held	0.00%	0.00%

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

4 Particulars of shareholders holding more than 5% of the share capital

	Name of the share holder	31-Mar-18	31-Mar-17
a)	**Class A equity shares**		
	Lafarge India Limited		
	No of shares held	1,925,924	1,925,924
	% of shares held	7.41%	7.41%
	J K Lakshmi Cements Limited		
	No of shares held	4,396,136	4,396,136
	% of shares held	16.91%	16.91%
	Suzuki Textiles Limited		
	No of shares held	4,186,795	4,186,795
	% of shares held	16.10%	16.10%
	Nahar Industrial Enterprises Limited		
	No of shares held	3,558,786	3,558,786
	% of shares held	13.69%	13.69%
	J K Cements Limited		
	No of shares held	3,140,104	3,140,104
	% of shares held	12.08%	12.08%
	Reliance Chemotex Industries Limited		
	No of shares held	1,674,719	1,674,719
	% of shares held	6.44%	6.44%
	Rajaratna Metal Industries Limited		
	No of shares held	1,978,318	1,978,318
	% of shares held	7.61%	7.61%
b)	**Class B equity shares**		
	KSK Electricity Financing India Private Limited	133,999,920	133,999,920
	No of shares held	100.00%	100.00%
	% of shares held		

17 Borrowings

	31-Mar-18	31-Mar-17
Long-term borrowings		
Secured		
Term loans		
Rupee loan from banks (*refer note (a & d)*)	266.05	280.25
Rupee loan from others *(refer note (a & d))*	188.22	196.38
Unsecured		
Class 'A' Preference Shares (*refer note b*)	25.07	25.07
Class 'B' Preference Shares (*refer note c*)	98.50	98.50
Total (A)	**577.84**	**600.21**
Short term borrowings		
Secured		
Loan repayable on demand		
From banks *(refer note (e))*	47.74	47.73
Unsecured		
Other loans and advances	90.40	83.34
Total (B)	**138.14**	**131.08**
Total (A+B)	**715.98**	**731.28**

(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 14.91% p.a.

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

f) The lenders on 29th August 2017 have decided to implement change in Management and restructure the debt under “Outside Strategic Debt Restructuring Scheme ('OSDR') as per the Reserve Bank of India (RBI) guidelines. However, RBI notification dated 12th February, 2018 repealed all debt restructuring schemes (including OSDR) and directed lenders to implement any debt structuring as per the revised guidelines. The Company is in active discussion with lenders to work out resolution plan by way of change of control.
Pending completion of the change in management process/resolution under the new circular, the Company has continued to classify the loan as current and non-current as per the existing repayment schedule and stopped accruing interest on such loans w.e.f. 29 August 2017.

18 **Other financial liabilities**

	31-Mar-18	31-Mar-17
Non current		
Interest accrued	154.50	140.71
Total (A)	**154.50**	**140.71**
Current		
Current maturities of long tem debt	38.47	21.22
Interest accrued	62.22	36.82
Creditors for capital goods (including retention money)	7.95	7.95
Other liabilities	5.00	7.77
Salary and bonus payable	3.34	4.89
Total (B)	**116.98**	**78.65**
Total (A+B)	**271.48**	**219.36**

19 **Provisions**

	31-Mar-18	31-Mar-17
Long-term provisions		
For employee benefits (*refer note a*)	0.69	0.63
Provision for restoration cost (*refer note b*)	56.69	54.29
	57.38	**54.92**

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-18	31-Mar-17
Defined benefit obligation	1.52	1.22
Fair value of plan assets	0.83	0.59
Benefit liability	**0.69**	**0.63**

(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	1.22	1.04
Included in income statement		
Current service cost	0.20	0.25
Interest cost	0.09	0.08
	1.50	**1.37**
Included in other comprehensive income		
Remeasurement loss / (gain)		
Re-measurement (or Actuarial) (gain) / loss arising from:		
Change in financial assumptions	(0.07)	0.06
experience variance (i.e. Actual experience vs assumptions)	0.08	(0.08)
	0.02	**(0.01)**
Others		
Benefits paid	(0.21)	(0.14)
Past Service Cost	0.21	
	0.00	**(0.14)**
Defined benefit obligation as at the end of the year	**1.52**	**1.22**

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	**0.59**	**0.47**
Included in income statement		
Interest income	0.04	0.04
	0.04	**0.04**
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	0.41	0.22
Benefits Paid	(0.21)	(0.14)
	0.21	**0.08**
Fair value of plan assets end of the period	**0.83**	**0.59**

Net defined benefit liability (asset)

	31-Mar-18	31-Mar-17
Balance	0.63	0.57
Included in income statement		
Current service cost	0.41	0.25
Interest cost/(income)	0.05	0.04
	0.45	**0.29**
Included in other comprehensive income		
Remeasurement loss / (gain)		
Actuarial (gains) on obligation		
Change in financial assumptions	(0.07)	0.06
experience variance (i.e. Actual experience vs assumptions)	0.08	(0.08)
Return on plan asset (excluding amounts included in net interest expense)	0.01	(0.00)
	0.03	**(0.02)**
Others		
Contributions by employer	(0.41)	(0.22)
	(0.41)	**(0.22)**
Defined benefit obligation as at the end of the year	**0.69**	**0.63**

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

Asset information

	31-Mar-18	31-Mar-17
Insurer managed funds	100.00%	100.00%

Principal actuarial assumptions as at balance sheet date

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

Sensitivity analysis

	31-Mar-18		31-Mar-17	
	Decrease	**Increase**	**Decrease**	**Increase**
Discount Rate (- / + 1% movement)	0.20	(0.17)	0.21	(0.17)
Salary Growth Rate (- / + 1% movement)	(0.15)	0.16	(0.13)	0.13

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 restoration cost**

	31-Mar-18
Opening balance	54.29
Unwinding of discount	2.39
Closing balance	**56.69**

The Company has paid ₹ 4.93 against the referred provision.

20 **Other liabilities:**

	31-Mar-18	31-Mar-17
Non current		
Other liabilities	31.45	28.65
Total (A)	**31.45**	**28.65**
Current		
Statutory liabilities	10.54	10.68
Deferred revenue	13.79	-
Total (B)	**24.33**	**10.68**
Total (A+B)	**55.78**	**39.32**

21 **Trade payables**

	31-Mar-18	31-Mar-17
Dues to other than Micro and Small enterprises	75.04	78.62
	75.04	**78.62**

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 fuel 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 2018	Year ended 31 Mar 2017
Sale of electricity	85.99	66.44
Other operating income	-	0.01
	85.99	**66.45**

23 **Other income**

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Interest income (refer note below)	0.45	0.45
Profit on sale of fixed assets	0.05	-
Miscellaneous income	0.22	0.00
Unwinding of discount on deposits	0.28	0.24
	0.99	**0.70**

Note:
Interest income of ₹ 0.45 (31 March 2017: ₹ 0.45) comprises of interest on financial assets, which includes interest from fixed deposits with banks, interest on others and income tax refund.

24 **Cost of fuel consumed**

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Lignite	27.51	36.20
Lime stone	0.82	0.45
	28.33	**36.65**

25 **Employee benefits expense**

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Salaries, wages and bonus	10.56	13.33
Contribution to provident and other funds (*refer note 19*)	0.72	0.69
Staff welfare expenses	0.21	0.40
	11.49	**14.42**

26 **Finance costs**

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Interest expense (*refer Note 18*)	35.20	80.50
Other borrowing cost	0.49	0.79
Unwinding of discount on restoration cost & deposit	2.67	3.42
Interest on redeemable preference shares	13.79	13.79
	52.14	**98.50**

All amounts are in ₹ Crores, unless otherwise stated

27 Other expenses

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Stores and spares	3.13	2.97
Repairs and maintenance	12.29	16.75
Cost of import power	5.69	5.63
Raw water charges	0.13	6.60
Rent	1.56	1.93
Rates and taxes	2.96	2.87
Insurance charges	0.90	0.46
Legal and professional charges	1.06	0.76
Remuneration to auditors		
for audit	0.06	0.06
for tax audit fees	0.01	-
for other services	0.00	0.00
Bad debts/advances written off	53.06	-
Travel and conveyance	0.91	0.48
Communication expenses	0.24	0.27
Electricity expenses	0.24	0.40
Freight - Outward	0.62	0.75
Corporate support service charges	-	7.76
Security/Watch & Ward Expenses	0.74	1.03
Recruitment/training expenses	0.00	0.11
Corporate social responsibility	0.04	0.08
Green belt expenses	0.17	0.22
Miscellaneous expenses	0.37	0.62
	84.18	**49.76**

28 Other comprehensive income

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	0.03	(0.02)
	0.03	**(0.02)**

29 Contingent liabilities

Particulars	**31 Mar 2018**	**31 Mar 2017**
I. Corporate guarantees given	87.34	106.00

II. The Company has received claims for ₹ 59.21 (31 Mar 2017: ₹ 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: ₹ 441.58 (31 March 2017: ₹ 4.90)

(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	KSK Energy Resources Private Limited	Fellow subsidiary

* Ceased to be Fellow subsidiary from 05 Jan 2018

** Ceased to be Fellow subsidiary from 26 Mar 2018

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 2018**	
S.No.	**Particulars**	**Holding / Step-up holding**	**Fellow subsidiary**
(i)	Purchase/(sale) of Stores & Spares	-	0.01
(ii)	Finance costs	13.79	
(iii)	Loans taken/(repaid)	7.90	(0.85)
(iv)	Advances given/Refund of advances	-	(0.07)

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

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)	Advances given/Refund of advances	-	0.50

Balances

S.No.	**Nature of transaction**	**Holding / Step-up holding**	**Fellow Subsidiary**
31 March 2018			
1	Amount payable to	341.74	16.86
31 March 2017			
1	Amount receivable from	-	0.07
2	Amount payable to	319.86	25.76

(a) Bank guarantees amounting to ₹ 2 (31 Mar 2017: ₹ 2) have been given by step-up holding company on behalf of the company.

(b) Corporate guarantees of ₹ Nil (31 Mar 2017: ₹ 43.41) have been given on behalf of the fellow subsidiary company.

(c) Corporate guarantees of ₹ 63 (31 Mar 2017: ₹ 63) have been given on behalf of the subsidiary company.

(d) Corporate guarantees of ₹ 50 (31 Mar 2017: ₹ 50) have been given on behalf of the step up holding company.

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

	Year ended	
Particulars	**31 Mar 2018**	**31 Mar 2017**
Net Loss as per profit and loss account	(127.18)	(159.11)
Net Loss attributable to equity share holders	**(127.18)**	**(159.11)**
Loss attributable to class A equity share holders	(0.003)	(0.003)
Profit / (Loss) attributable to class B equity share holders	(127.18)	(159.11)
Weighted average number of equity shares for basic and diluted 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	(9.49)	(11.87)
Face value of shares	10	10

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

33 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 before tax / equity	
		31 Mar 18	31 Mar 17
INR	+50	2.61	2.49
INR	-50	(2.61)	(2.49)

Foreign currency risk
The company's foreign currency risk is low since the company'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 18	31 Mar 17
Import creditors - INR	0.03	0.25
USD	0.00	0.00

Equity price risk

At the reporting date, the Company’s exposure to unlisted equity securities was ₹ 15.76 (31 March 2017 ₹ 15.76).

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:

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

	Note	Carrying value	
		31 Mar 18	**31 Mar 17**
Trade receivables	13	20.44	55.31
Short term deposits with banks	15	0.44	1.98
Loans	8	5.68	4.62
Other financial asset	9	5.14	6.34
		31.70	**68.25**

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 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 2018:

	Current	**Non-current**		**Total**
	< 12 months	**1-5 years**	**> 5 years**	
Loan and borrowings	240.65	436.45	584.38	1,261.49
Trade and other payables	75.04	-	-	75.04
Other financial liabilities	233.01	-	-	233.01
Total	**548.70**	**436.45**	**584.38**	**1,569.54**

(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 2017:

	Current	Non-current		
	within 12 months	**1-5 years**	**Later than 5 years**	**Total**
Loan and borrowings	218.93	434.99	666.30	1,320.22
Trade and other payables	78.62	-	-	78.62
Other financial liabilities	198.14	-	-	198.14
Total	**495.69**	**434.99**	**666.30**	**1,596.98**

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 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.

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

	31 Mar 18	**31 Mar 17**
Total borrowing	715.98	731.28
Less : Cash and bank balances	(2.50)	(0.39)
Less : Other bank balances	(0.44)	(1.98)
Net debt	**713.04**	**728.91**
Equity	(332.15)	(204.94)
Total equity	**(332.15)**	**(204.94)**
Net debt to equity ratio	**(2.15)**	**(3.56)**

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

34 **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
	31 Mar 18	**31 Mar 18**	**31 Mar 17**	**31 Mar 17**
Non- current financial assets				
Investments - At fair value through P&L	15.76	15.76	15.76	15.76
Loans	4.74	4.74	4.54	4.54
Other financial asset	5.08	5.08	6.04	6.04
Total non-current	**25.58**	**25.58**	**26.34**	**26.34**
Current financial assets				
Trade receivables	20.44	20.44	55.31	55.31
Cash and bank balances	2.50	2.50	0.39	0.39
Other bank balances	0.44	0.44	1.98	1.98
Loans	0.94	0.94	0.07	0.07
Other financial asset	0.06	0.06	0.30	0.30
Total current	**24.37**	**24.37**	**58.06**	**58.06**
Total	**49.96**	**49.96**	**84.40**	**84.40**
Non- current financial liabilities				
Borrowings	577.84	577.84	600.21	600.21
Other financial liabilities	154.50	154.50	140.71	140.71
Total non-current	**732.34**	**732.34**	**740.92**	**740.92**
Current financial liabilities				
Borrowings	138.14	138.14	131.08	131.08
Trade payables	75.04	75.04	78.62	78.62
Other financial liabilities	116.98	116.98	78.65	78.65
Total current	**330.15**	**330.15**	**288.34**	**288.34**
Total	**1,062.49**	**1,062.49**	**1,029.26**	**1,029.26**

As per our audit report of even date
for Jawahar & Associates
Chartered Accountants
FRN : 001281S

Sd/-
M. Chandramouleswara Rao
Partner
Membership No. 024608

Place : Hyderabad
Date : 13 June 2018

for and on behalf of the Board

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

Sd/-
S Kishore
Director
DIN: 00006627

Sd/-
Shishir Shrikant Kalkonde
Chief Financial Officer

Sd/-
G Krishna Sowjanya
Company Secretary