




**ANNUAL  
REPORT  
2017-18**



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## Indian Economy Outlook

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 6.6 per cent in 2017-18 and is expected to grow 7.3 per cent in 2018-19.

The year 2017-18 has been remarkable for India's global image as a promising investment destination. In recognition of the reforms carried out by the Government, Moody's Investor Service upgraded India's sovereign credit rating to Baa2 from the lowest investment grade of Baa3 after a period of 13 years. India ranked 100 among 190 countries assessed by the Doing Business Team in the Ease of Doing Business Report, 2018 with an improvement of 30 ranks over its previous rank of 130 in the Ease of Doing Business Report 2017.

Against the backdrop, there have been various investments in various sectors of the economy. The M&A activity in India increased 53.3 per cent to US \$ 77.6 billion in 2017 while private equity (PE) deals reached US \$ 24.4 billion.

The Indian government's favourable policy regime and robust business environment have ensured that foreign capital keeps flowing into the country. The government has taken many initiatives in recent years such as relaxing FDI norms across sectors such as defence, PSU oil refineries, telecom, power exchanges and stock exchanges among others. According to Department of Industrial Policy and Promotion (DIPP), the total FDI investments in India during 2017-18 stood at US \$ 44.86 billion, indicating the government's effort to improve ease of doing business and relaxation in FDI norms is yielding results. Data for 2017-18 indicates that the services sector attracted the highest FDI equity inflow of US \$ 6.71 billion, followed by telecommunication - US \$ 6.21 billion and computer software and hardware - US \$ 6.15 billion. Most recently, the total FDI inflows for the month of March 2018 touched US \$ 3.31 billion. India emerged as the top recipient of greenfield FDI Inflows from the Commonwealth, as per trade review released by the Commonwealth in 2018.

As per the Economic Survey of India 2017-18, after registering Gross Domestic Product (GDP) growth of over 7 per cent for the third year in succession in 2016-17, the Indian economy registered a slower growth, estimated to be 6.5 per cent in 2017-18, as per the first Advance Estimates released by CSO. This is slightly lower than the range of 6.5 per cent to 6.75 per cent being projected based on recent developments. However even with lower growth for 2017-18, GDP growth has averaged 7.3 per cent for the period from 2014-15 to 2017-18, which is the highest among the major economies of the world. Given that this growth has been achieved in a milieu of lower inflation, improved current account balance and notable reduction in fiscal deficit to GDP ratio makes it all more creditable. In addition to the introduction of GST, the year also witnessed significant steps being undertaken towards resolution of problems associated with non-performing assets of the banks, further liberalization of FDI etc., thus strengthening the momentum of reforms. After remaining in negative territory for a couple of years, growth of exports rebounded into positive one during 2016-17 and strengthened further in 2017-18.

Concerns have been expressed about growing protectionist tendencies in some countries and it remains to be seen as to how the situation unfolds. Additionally, average crude oil (Indian basket) prices have risen in 2017-18 and going by the recent trends, the average crude oil prices could rise further by another 10- 15 per cent in 2018-19. Some of these factors could have dampening effect on GDP growth in the coming year. However, with world growth likely to witness moderate improvement in 2018, expectation of greater stability in GST, likely recovery in investment levels and ongoing structural reforms, among others, should be supporting higher growth. On balance, country's economic performance should witness an improvement in 2018-19.

### Power Sector:

#### Performance Highlights:

The overall Generation (including generation from grid connected renewable sources) in the country has increased from 1241.689 BU during 2016-17 to 1306.614 BU during 2017-18, with growth rate of 5.23%.

The Power Supply position in the country has marginally declined, since during the FY 2017-18, the supply gap in terms of energy has increased to 8567 MUs as against shortfall of energy of 7595 MUs in FY 2016-17. The shortfall in peak demand has also marginally increased to 3314 MW in FY 2017-18 from 2608 MW in FY 2016-17.

## Generation

The total electricity generation for the FY 2017 - 18 was 1201.543 BU as compared to 1155.085 BU for the previous year. The aggregate Plant Load Factor for the FY 2017-18 stood at 60.67% compared to 59.88% during the previous year.

Year	PLF %	Sector-wise PLF (%)		
		Central	State	Private
2009-10	77.5	85.5	70.9	83.9
2010-11	75.1	85.1	66.7	80.7
2011-12	73.3	82.1	68	69.5
2012-13	69.9	79.2	65.6	64.1
2013-14	65.6	76.1	59.1	62.1
2014-15	64.46	73.96	59.83	60.58
2015-16	62.29	72.52	55.41	60.49
2016-17	59.88	71.98	54.35	55.73
2017-18	60.67	72.35	56.83	55.32

The Plant Load Factor of Thermal Power Stations is an index of utilization of the installed capacity. Therefore, even though there was increase in generation compared to the previous year, lot of thermal power plants were left stranded due to various reasons like lack of demand, availability of fuel etc.

The fall in Plant Load Factors of Independent Power Producers (IPPs) from 83.9% to 55.32% between 2010 to 2018 also reflects the inherent challenges and contrasts in the policy paradigms of new power generation capacities that have resulted in prolonged period of challenges and uncertainty across the Indian power sector.

## Transmission

Recognizing the need for development of the national grid, thrust was given to enhance the capacity of inter-regional links in a phased manner. Working in this direction, all the five regional grids are now interconnected through synchronous links. An extensive network of Transmission lines has been developed over the years for evacuating power produced by different electricity generating stations and distributing the same to the consumers. Depending upon the quantum of power and the distance involved, lines of appropriate voltages are laid. The nominal Extra High Voltage lines in vogue are  $\pm 800$  kV HVDC & 765kV, 400 kV, 230/220 kV, 110 kV and 66kV AC lines. These have been installed by all the SEBs and by Generation, Transmission & Distribution utilities including those in Central Sector.

### Development of High Capacity Power Transmission Corridors (HCPTCs)

Being the nodal agency for grant of Long Term Access (LTA), POWERGRID has undertaken development of high capacity power transmission corridors for evacuation of large quantum of power from various Independent Power Producers (IPPs) mainly coming up in resource rich states/coastal locations, i.e Odisha, Jharkhand, Sikkim, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Andhra Pradesh, etc. Accordingly, to transmit this power to various load centres located across the states and regions, implementation of 11 nos of HCPTCs has been planned by POWERGRID in consultation with CEA, IPPs & beneficiaries. Central Electricity Regulatory Commission (CERC) has already granted regulatory approval for 11 nos. of HCPTCs at an estimated cost of ₹750,000 million. Implementation of HCPTCs is progressing as per schedule with completion in a phased manner matching with generation projects. In fact some of the elements under HCPTCs of Chhattisgarh and Odisha have already been commissioned and balance elements of HCPTCs are expected to be completed progressively as per requirement.

## Distribution

The various reforms like Deen Dayal Upadhaya Gram Jyoti Yojana (DDUGJY), Ujwal Discom Assurance Yojana (UDAY), National Smart Grid Mission (NSGM), Revised Tariff Policy, 2016 were launched for development of the Distribution sector.

Under the UDAY scheme, as of 31 March, 2018, 32 states and UTs have signed up and bonds for more than Rs. 2.32 lakh crore have been issued by the state governments and tariff revisions have happened in 25 states/UTs since the beginning of the scheme.

In order to bring uniformity in power procurement by the DISCOMs and also to promote competition in electricity sector, DEEP (Discovery of Efficient Electricity Price) e-bidding portal was launched. In the first stage, portal was launched for procurement of short term power (i.e. up to One year). The scope of the portal has been extended for procurement of power for medium term also.

## Introduction of SHAKTI - (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India)

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has approved the signing of Fuel Supply Agreement (FSA) with the Letter of Assurance (LoA) holders. Allocation of linkages for power sector shall be based on auction of linkages or through Power Purchase Agreement (PPA) based on competitive bidding of tariffs except for the State and the central power generating companies and the exceptions provided in Tariff Policy, 2016. Coal drawl will be permitted against valid long term PPAs and to be concluded medium term PPAs. The intended benefits of the policy include :

- Coal available to all Power Plants in transparent and objective manner.
- Auction to be made on the basis of linkage allocations to IPPs; cheaper and affordable POWER FOR ALL.
- The stress on account of non-availability of linkages to power sector projects shall be overcome. Good for the infrastructure and banking sector.
- PPA holders to reduce tariff for linkage; direct benefit of reduced tariff to Discom/consumers.

The first round of SHAKTI was successfully conducted by Coal India Limited, resulting in 10 companies participating in the auction representing a cumulative capacity of approx. 9044 MW and booked from 8 available sources a cumulative quantity of approx. 27.18 million tonnes per annum (MTPA). This is expected to result in an annual generation of over 47 billion units per annum from the linkage coal and a savings in tariff of approximately Rs. 125 crores / annum for period up to 25 years.

## OPPORTUNITIES AND OUTLOOK

The Indian power sector itself has an investment potential of US \$ 250 billion in the next 4-5 years, providing immense opportunities in power generation, distribution, transmission and equipment, according to Union Minister of Coal, Power and Renewable Energy. The Government's immediate goal is to generate two trillion units (kilowatt hours) of energy by 2019. This means doubling the current production capacity to provide 24x7 electricity for residential, industrial, commercial and agriculture use. Capital intensive nature of the industry and strenuous process of regulatory approval and land acquisition makes it difficult for new entrants there by existing players reaching their highest potential. In April, 2018, the Government of India approved a pilot scheme for procurement of power of 2.5 GW aggregate power for three years on competitive basis under medium term with commissioned projects but without Power Purchase Agreement. It aims to revive commissioned power plant which were unable to sell electricity in the absence of valid PPAs.

Therefore, the current metamorphosis at the Indian power sector carries both an opportunity and threat. If handled appropriately, through reconsidered business approach and collaborations, long term economic value could be preserved as well as realised and if not properly handled, the same could lead to challenges to private power generation, distressed projects adding to the growing bad loan portfolios of project lenders.



## RISKS AND CONCERNS

While the company attempts to address various risks, the key risks and uncertainties continued to be faced by the group are as follows:

- The actions of lending banks and other financial institutions at subsidiaries' level under RBI's revised framework for resolution of stressed assets have resulted in a significant number of the wider group's power plants and subsidiaries ceasing to be subsidiaries of the Group with material impact on the Group's business going forward.
- Uncertainty on Company's investment and receivables in some of the subsidiaries whose lenders have invoked the pledge of majority shares of subsidiaries.
- Liquidity risk, project financing and sustainable debt levels against invested equity at projects
- Delay in Government decisions or implementation of earlier Government decisions along with continual inconsistencies in Government policies across departments and retrospective amendments to the existing policies or introduction of new policies
- Delay in providing necessary regulatory support and / or dispensation as may be required for timely implementation of the financing plans or regulatory constraints on financing arrangements resulting in alternate financing arrangements, which may take more time than anticipated to fructify
- Deviation from approved Government policies and abuse of market dominance position by certain contractual counterparties
- Shortage of fuel and dependence on market based or imported fuel which is subject to market vagaries and other uncertainties
- Economic slowdown and negative sectoral outlook with resultant impact on banking sector delays in agreed project disbursements and timely availability of credit
- Delays in enforcement of contractual rights or legal remedies with Government counter parties undertaking fuel supplies, power offtake, transmission and open access amongst others
- PPA Counter parties going contrary to pre-agreed understanding and seeking benefits from the power generators that are often in conflict with shareholder obligations to further the business
- Unusual currency depreciation that adversely affects the cost of project imports, project implementation and repayment obligations
- Logistics bottlenecks and other infrastructure constraints of various agencies
- Challenges in the development of support infrastructure for the power projects including physical hindrances and delay in the issue of permits and clearances associated with land acquisitions
- Political and economic instability, global financial turmoil and the resultant fiscal and monetary policies as well as currency depreciation resulting in increasing cost structures

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The internal control systems are implemented :

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

## OPERATIONAL PERFORMANCE

During the year, operating assets generated 8,124GWh with an average portfolio plant load factor of 42% (FY17: 9,402 GWh with a 52% load factor). The Plant wise details are tabulated below:

	31 March 2018		31 March 2017	
	GWh	(%)	GWh	(%)
KSK Mahanadi (1200 MW)	5,876*	56%	6,731	64%
Sai Wardha (540 MW)	1,130	24%	1395	29%
VS Lignite (135 MW)	436	37%	474	40%
Sai Regency (58 MW)	420	83%	379	75%
Sai Lilagar (86 MW)	96	13%	124	16%
Sitapuram Power (43 MW)	148	52%#	281	75%
Sai Maithili (10 MW)	18	21%	18	21%
<b>TOTAL</b>	<b>8,124</b>	<b>42%</b>	<b>9,402</b>	<b>52%</b>

\*KSK Mahanadi's 3rd 600 MW unit commissioned during the year but effective operational PLF based on 1200 MW of installed capacity

#Sitapuram Power generation data of FY 18 until 31.12.2017

### 3,600 MW KSK Mahanadi Power Company Limited:

- The third 600 MW unit has been commissioned during the year with aggregate generation achieved of 5876 GWh.
- Arrangements to ensure power requirement of various State Distribution Companies (Discoms) continue to be fulfilled to the extent possible through plant generation as well as alternate sources, pending remaining units being fully commissioned and made operational.
- Debt resolution at the power plant (post the new resolution framework notified by RBI in February 2018) and merger of Raigarh Champa Rail Infrastructure SPV and KSK Water Infrastructure SPV into KSK Mahanadi continue to be pursued.
- The Lenders Consortium at KSK Mahanadi Power Company Limited (KSK Mahanadi) along with Lenders consortium at the Water and Railway infrastructure SPVs have invoked the shares pledged with them as security for the financial facilities. Consequent to the invocation of pledge all three Companies ceased to be Subsidiaries and Associate Company respectively and the same will substantially impact the financial position of the Company moving forward.

### 540 MW Sai Wardha Power Generation Limited:

- The total gross power generated during the review period was 1130 GWh as against the 1,395 GWh during FY 2017. This reflected the continued challenging local operating environment, the fuel and the off take constraints experienced by Sai Wardha and resultant pressure on working capital and resultant operational deterioration
- While the lenders Consortium had approved an Outside Strategic Debt Restructuring (SDR) process during April 2017, under earlier regulations for necessary resolution, post the new resolution framework notified by RBI in February 2018, notices of defaults with respect to credit facilities availed under the respective Facility agreements have been received from Lenders consortium and debt resolution is being pursued
- During the year, the lenders of Sai Wardha acquired the majority equity control by invocation of shares pledged with them and resultantly it has ceased to be subsidiary of the Company.
- As regards the final legal appeal filed by Western Coal Fields Limited and Coal India Limited, the same is pending before the Hon'ble Supreme Court of India and the final hearing on the appeal is expected to commence shortly. A favourable final ruling would not only enable a price reduction but also allow substantial claims of damages for the prior period to be determined by the NCLAT under the Provisions of Competition Statute.
- As regards long term power sale arrangements to commence delivery for half of the capacity of the Sai Wardha project to the local utility, the appeal against the Appellate Tribunal for Electricity ("APTEL") has also been adjudicated by the Hon'ble Supreme Court in April and follow-up action has been initiated.

**135 MW VS Lignite Power Private Limited:**

- The total gross power generated during the year was 436 GWh as against the 474 GWh during FY 2017, reflecting the challenges experienced on the movement to an Independent Power Plant (IPP) imposed under a local mandate by the Government.
- Delay in execution of long term PPA as mandated under the Rider agreement of January 2015 coupled with challenges on interim sale arrangement has increased the financial stress on the project and an appropriate resolution plan is required to address the situation in entirety.

**86 MW Sai Lilagar Power Generation Limited:**

- The total gross power generated during the year was 96 GWh as against 124 GWh during the previous year reflecting the wider trend on addressing coal supplies for sustained generation. Commencement of coal supplies under the SHAKTI Auction to undertake power supplies is essential for power plant viability.
- Notices of defaults with respect to credit facilities availed based on security of this power station have also been received and effort underway to address the same in the best possible manner.

**58 MW Sai Regency Power Corporation Private Limited:**

- The total gross power generated in the combined cycle gas fired power plant during the year was 420 GWh as against 379 GWh during FY 2017 reflecting the restoration achieved with predominant gas supplies by ONGC under the new auction mechanism and balance gas supplies from GAIL.

**10 MW Sai Maithili Solar Power Project:**

- The total gross power generated during the year was 18 GWh as against 18 GWh during the previous year. The 10 MW PV solar power generation plant of Sai Maithili is located in the state of Rajasthan, operating under the Jawaharlal Nehru National Solar Mission with a long term PPA.

**43 MW Sitapuram Power Limited:**

- The total gross power generated during the 9 months until Dec 2017 was 148 GWh as against 281 GWh during the previous year.

Zuari Cement Limited, Holding Company of Sitapuram Power Limited has taken over entire 49% shareholding held by the Company and in result it has ceased to be Joint Venture of the Company.

**FINANCIAL REVIEW**

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

**Financial Highlights:**

Particulars	Rs in million		
	31 March 2018	31 March 2017	% variance
Revenue from operations	31,490	39,386	-20
Gross profit	10,373	16,535	-37
EBITDA	6,243	12,791	-51
Loss after tax	(17,014)	(6,927)	146

These movements are on account of lower than expected PLF at KSK Mahanadi accompanied by factors like deconsolidation of Sai Wardha and VSLP pursuant to lenders decision of change in management and disposal of Joint venture Sitapuram Power to co-venturer.

Further, pursuant to the RBI Circular dated 12 February, 2018 and lenders decision to consider the change in management outside NCLT, lenders have invoked shares equivalent to Rs. 25,713.72 million in KMPCL held by the Group. Consequent to the above, the Group has derecognised the related carrying values of assets and liabilities of KMPCL along with its subsidiaries i.e. KSK Water Infrastructures Private Limited ('KWIPL'), Sai Power Pte Ltd ('SPPL') and associate i.e. Raigarh Champa Rail Infrastructure Private Limited ('RCRIPL') with effect from 27 March, 2018.

## Principal activity and overview

KSK Group is primarily engaged in the development; ownership, operation and maintenance of power generation assets in India. KSK focused its strategy on the private sector power development market, undertaking entire gamut of development, investment, construction, operation and maintenance of power plant with supplies initially to industrial consumers operating in India and now branching out to cater to the needs of utilities and others in the wider Indian power sector.

## Operating Results:

Rs in million

Particulars	March 2018	March 2017	Variance	% variance
Revenue	31,490	39,386	(7,896)	-20
Cost of revenue	(19,014)	(19,959)	(945)	-5
Manufacturing expenses	(2,103)	(2,892)	(789)	-27
<b>Gross Profit</b>	<b>10,373</b>	<b>16,535</b>	<b>(6,162)</b>	<b>-37</b>

## Generation, revenues and cost of revenue

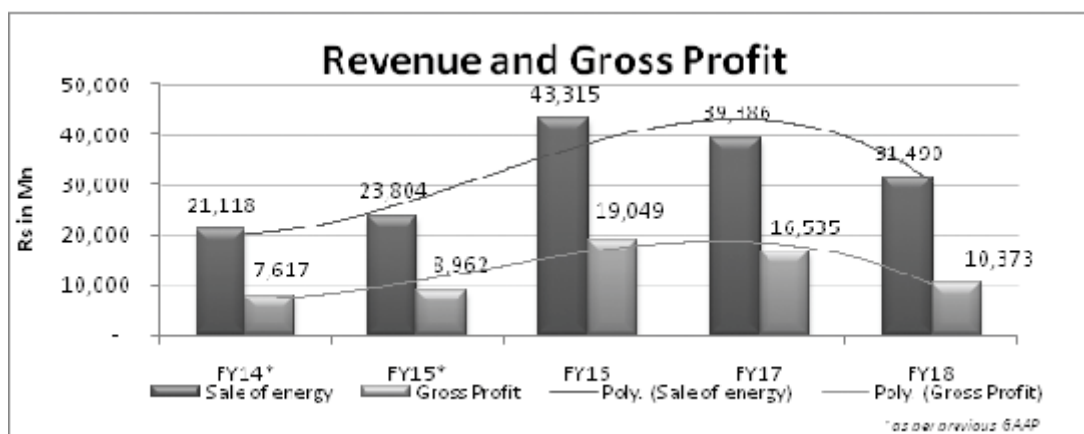
The total revenue from operation of the Group has decreased by Rs. 7,896 million reflecting a year on year decrease of 20% as a result of lower than expected power generation at KSK Mahanadi and effect of deconsolidation of Sai Wardha and VSLP. Revenues for the year 2018 also include revenue of Rs. 6,228 million (2017: Rs. 5,025 million) at KSK Mahanadi under change in law provision of the Power Purchase Agreements with State Utilities and Government of India directive but requiring determination by the Electricity Regulatory Commission before receipt of payment.

Cost of revenue also decreased by Rs. 945 million reflecting a year on year decrease of 5%. The decrease is mainly due to deconsolidation of Sai Wardha and VSLP and decreased operation at KSK Mahanadi. However, cost of revenue continued to remain at higher levels as compared to the management expectation largely on account of delay in granting linkage coal to KSK Mahanadi by the Government of India which could actualise only in the month of March, 2018.

## Gross Profit

Gross profit of the Group decreased from Rs. 16,535 million to Rs. 10,373 million, reflecting a year on year decrease of 37%. Decrease as explained above is mainly on account of lower PLF at KSK Mahanadi and deconsolidation effect of Sai Wardha and VSLP.

The following table and charts shows year on year trend in revenue and gross profit





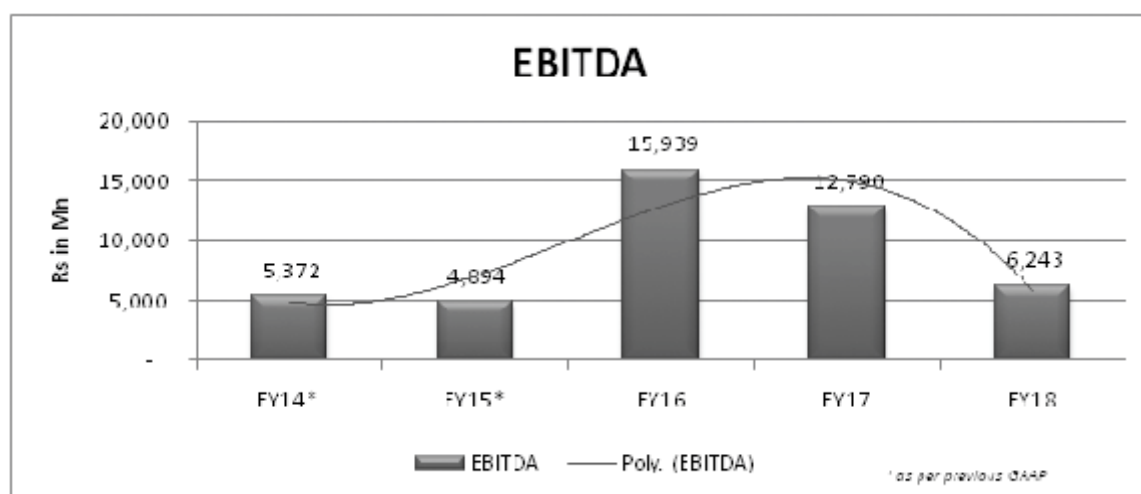
**Earnings before Interest, depreciation and tax (EBITDA)**

Rs in million

Particulars	March 2018	March 2017	Variance	%
Gross Profit	10,373	16,535	(6,162)	-37%
Employee benefit expenses	(836)	(1,119)	(283)	-25%
Other general & administrative expenses	(3,294)	(2,626)	668	25%
<b>EBITDA</b>	<b>6,243</b>	<b>12,791</b>	<b>(6,548)</b>	<b>-51%</b>

EBITDA of the Group has decreased by 51% from Rs. 12,791 million in FY 2017 to Rs. 6,243 million in FY 2018 mainly due to decline in gross profit along with increase in general and administrative expense by 25%.

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

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

Rs in million

Particulars	March 2018	March 2017	Variance	%
<b>EBITDA</b>	<b>6,243</b>	<b>12,791</b>	<b>(6,548)</b>	<b>-51%</b>
Finance costs	(21,843)	(21,945)	(102)	0%
Depreciation and amortisation	(5,998)	(6,823)	(825)	-12%
Other income and exceptional items	2,981	7,689	(4,708)	-61%
<b>Loss before tax</b>	<b>(18,617)</b>	<b>(8,288)</b>	<b>10,329</b>	<b>125%</b>
Tax income	1,604	1,361	243	18%
<b>Loss for the year</b>	<b>(17,013)</b>	<b>(6,927)</b>	<b>10,086</b>	<b>146%</b>

Movement in loss for the year from Rs. 6,927 million to Rs. 17,013 million is mainly because of the following:

- Decrease in finance costs by Rs. 102 million from Rs. 21,945 million to Rs. 21,843 million reflecting year on year decrease of 1%. The decrease is on account of deconsolidation of Sai Wardha and VSLP. However decrease in finance cost due to deconsolidation of Sai Wardha and VSLP have been offset to the extent of Rs. 3,679 million on account of increased borrowing levels at KSK Mahanadi mainly on account of commencement of third unit being operational for part of the year.
- Decrease in depreciation and amortization expenses from Rs. 6,823 million in FY 2017 to Rs. 5,998 million in FY 2018 is mainly on account of deconsolidation of Sai Wardha and VSLP. However decrease in depreciation due to deconsolidation of Sai Wardha and VSLP have been offset to the extent of Rs. 598 million on account of increased depreciation at KSK Mahanadi mainly on account of commencement of third unit being operational for part of the year.
- Decrease in other income (including exceptional) from Rs. 7,689 million to Rs. 2,981 million mainly on account of recognition of claim of Rs. 6,055 million relating to inferior quality and excess price receivable from a coal supplier in Sai Wardha after favorable ruling at COMPAT in the previous year. Income from insurance claims also decreased by Rs. 311 million and interest income on deposits/receivables have also witnessed decrease amounting to Rs. 545 million.
- During current year group has recognised net gain of Rs. 8,406 million on account of deconsolidation of KSK Mahanadi, Sai Wardha, VSLP and disposal of Sitapuram power. Further, Group has impaired its investment in various Hydro, Solar, Thermal under constructed projects amounting to Rs. 6,206 million.
- Increase in tax income from Rs. 1,361 million to Rs. 1,604 million reflects recognition of deferred tax asset at KSK Mahanadi on carry forward of losses.

### Segmental analysis

The Group is currently engaged in two business segments, namely, power generation and power development. Net revenues from its power generation segment have decreased from Rs. 39,367 million in FY 2017 to Rs. 31,489 million in FY 2018. Net revenues from its project development segment have decreased from Rs. 19 million in FY 2017 to Rs. 2 million in FY 2018. The power generation segment contributed 99.99% revenue of the Group's total revenue in both financial years 2018 and 2017.

### Financial position and cash flows

The capital employed of the Group was Rs. 32,841 million as at 31 March, 2018 and decreased by Rs. 226,337 million as compared to 31 March, 2017. The Group incurred Rs. 29,464 million mainly towards capital expenditure relating to continuous construction and development activities at our 6 x 600 MW Mahanadi power plant during FY 2018.

The loan portfolio of the Group comprises a combination of domestic and foreign currency loans. The aggregate outstanding indebtedness as at 31 March, 2018 stood at Rs. 23,694 million and decreased by Rs. 207,249 million compared to FY 2017. The decrease is mainly on account of deconsolidation of KSK Mahanadi, KSK Water Infra, Sai Wardha, VSLP and disposal of Sitapuram Power.

Net customer receivables as at 31 March, 2018 stood at Rs. 313 million as compared to Rs. 29,538 million as at previous year. Lower trade receivables are mainly due to deconsolidation of KSK Mahanadi, Sai Wardha, VSLP and disposal of Sitapuram Power.

Cash accruals from operations before working capital changes are lower in FY 2018 by Rs. 11,345 million as compared to FY 2017 mainly due to lower PLF at KSK Mahanadi and deconsolidation of Sai Wardha and VSLP. Apart from deployment of cash for capital expenditure, the Group repaid some of its long term loans amounting to Rs. 1,522 million and availed fresh disbursement of borrowings amounting to Rs. 32,263 million. Consequently, there is net cash outflow of Rs. 1,071 million for the FY 2018.

### Going Concern

The Group has incurred net loss during the current year as well in the previous years with resultant defaults in payment of interest and instalments dues to banks and financial institutions. Further as discussed at note 8 to the consolidated financial

statements, the Group has residual investments and receivables pursuant to invocation of shares pledged. However, the Group has been making appropriate representation and is in discussion with the respective lenders to find an appropriate resolution plan at each of the assets. The Group continues to prepare the financial statements as going-concern.

## **HUMAN RESOURCES**

Based on the business model of the Company, changing business conditions in Power Sector and associated challenges for the Company, HR has focussed on empowering and integration of functions to increase effectiveness of delivery leading to optimization of manpower and cost reduction. The human resources had been transitioned from handling specialised roles to additional multiple areas of work. Senior Management was actively involved in mentoring and counselling of KSK employees and Contractor employees in the transition process.

Total manpower of the Group at the end of financial year is 953.

## **SUSTAINABILITY INITIATIVES**

KSK actively contribute to the social and economic development of the communities to build a better and environmentally sustainable way of life for all stake-holders. The Group's sustainability initiatives towards community are essentially focused on five thrust areas; Education, Health, Socio- economic empowerment, infrastructure development and cultural and social contribution.

KSK's holistic approach to the issues in education sector in India focuses on addressing the critical issues of quality, access, equity, infrastructure and bridging the urban-rural disparity. KSK is committed to ensure that healthcare is more easily available to all. The group believes that socio-economic empowerment of our communities alone can help us ensure sustainability of the development that we undertake. KSK is committed to develop /renewing Common property Resources that are critical for rural economy. The Group proactively seeks to deepen its relationship with local communities. Building relationship for us is sharing and being part of the joys and sorrows of our communities.

KSK is currently engaged through its CSR programme by building Sustainable Communities across 68 Villages in 6 States around 8 Project Locations covering 7037 project affected families and the villages they reside in.

KSK supported infrastructure projects in the state of Chhattisgarh through Sanjeevani Hospital project. The hospital has taken forward the initiative of exclusive paediatric cardiac services totally free of cost to all irrespective of caste, creed, colour, religion and nation.

As on the date more than 55,836 Outpatient Cardiac consultations and 6,091 state of art cardiac surgeries were performed free of cost and total 21, 136 rural children were screened through outreach screening program for early detection of cardiac ailments.

## **CAUTIONARY STATEMENT**

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

# Report on Corporate Governance

In compliance with Regulation 34(3) and Schedule V of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Company submits the following report:

## 1. Company's philosophy on code of Corporate Governance

Corporate governance is a synonym for sound management, transparency and disclosure. It is all about ethical conduct, openness, integrity and accountability of an enterprise and it is vital for sustained growth and enhancing shareholder value. Credibility generated by good Corporate Governance enables an enterprise in enhancing the confidence of the investors and in establishing productive and lasting business relationship with all stakeholders.

The Company believes that maintaining the highest standards of Corporate Governance is to facilitate effective, prudent management that will contribute towards achieving long term success. The Board governs the Group consistently with their business strategy and commitment to a transparent and high quality governance system. It is the Company's firm belief that corporate governance policies and practices and its periodic review need to be tailored to the size and maturity of the organisation.

The Company is committed to good Corporate Governance and has complied in all material respects with the requirements specified in Listing Regulations. The Company is continually putting thrust on implementing best corporate governance practices and benchmarking the same with high standards. The Corporate Governance Principles implemented by the Company seeks to protect, recognize and facilitate shareholders rights and ensure timely and accurate disclosure to them.

## 2. Board of Directors

The Board has a responsibility to determine the policies, practices and operating frameworks for the Company. The Board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board of Directors is the principal agent of risk taking enterprise, the principal maker of commercial and other judgments. Discharging these responsibilities involves having an overall perspective of the functioning of the Company and the business as a whole.

### i. Composition and Category of Directors

The Board of Directors as on 31 March, 2018 comprised 6 (six) Directors of which two were Independent Directors including Non-Executive Independent Chairman, two Non-Executive Directors including one woman director and two Executive / Whole-time Directors. The number of Independent Directors is one-third of the total number of Directors and hence the composition of the Board is in conformity with Listing Regulations.

The number of Directorships, Committee Memberships/Chairmanships of all Directors is within the limits prescribed under Companies Act, 2013 and Listing Regulations and same are provided below. Other directorships do not include directorships of private limited companies, Section 8 companies and of companies incorporated outside India. Chairmanships / Memberships of board committees shall include only Audit Committee and Stakeholders' Relationship Committee (excluding KSK Energy Ventures Limited).

Name of the Director & Category	No. of other Directorships as on 31 March 2018	No. of other Committee positions held as on 31 March 2018	
		Chairman	Member
Mr. T. L. Sankar Chairman / Independent Director	1	0	1
Mr. Abhay M Nalawade* Independent Director	6	0	5
Mr. K.A. Sastry Whole-time Director / Promoter Director	5	0	0

Continued...



Name of the Director & Category	No. of other Directorships as on 31 March 2018	No. of other Committee positions held as on 31 March 2018	
		Chairman	Member
Mr. S. Kishore Whole-time Director / Promoter Director	5	0	1
Mrs. K. Kusuma Mani Kumari** Non-Executive Director	6	0	0
Mr. Anil Kumar Kutty# Non-Executive Director	4	0	2

\* appointed w.e.f. 5 February, 2018.

\*\*appointed w.e.f. 5 February, 2018 and resigned w.e.f. 30 May, 2018.

#resigned w.e.f. 9 April, 2018.

Mr. K. A. Sastry and Mr. S. Kishore are the Promoter Directors. None of the other Directors are related to each other.

#### ii. Board Meetings and Procedures

During the year ended 31 March, 2018, the Board met five times on the following dates: 27 May, 2017, 12 August, 2017, 29 August 2017, 11 November, 2017 and 12 February, 2018.

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

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

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

The details of the familiarisation programme of the Independent Directors are available on the website of the Company (<http://www.ksk.co.in/ourpolicies.php>)

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

#### iii. Details of Directors attendance at Board Meetings and at the last Annual General Meeting held on 25 September, 2017 are given in the following table:

Name of the Director	No. of Board Meetings attended during the year	Attendance at the Annual General Meeting
Mr. T. L. Sankar	5	Yes
Mr. S. R. Iyer#	3	Yes
Mr. Girish N Kulkarni#	1	No
Mr. Abhay M Nalawade*	1	NA
Mr. Anil Kumar Kutty**	4	Yes

Continued...

Name of the Director	No. of Board Meetings attended during the year	Attendance at the Annual General Meeting
Mr. Tanmay Das#	3	Yes
Mr. K. Bapi Raju^	2	No
Mrs. Savita Jyoti##	2	Yes
Mrs. K. Kusuma Mani Kumari^^	1	NA
Mr. K.A. Sastry	0	Yes
Mr. S. Kishore	5	Yes

# resigned w.e.f. 5 February, 2018.

\* appointed w.e.f. 5 February, 2018.

\*\*resigned w.e.f. 9 April, 2018.

## resigned w.e.f. 11 November, 2017.

^ resigned w.e.f. 5 February, 2018 and appointed w.e.f. 30 May, 2018

^^appointed w.e.f. 5 February, 2018 and resigned w.e.f. 30 May, 2018

### 3. Committees of the Board

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

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

Your Board has constituted the following committees.

#### i. Audit Committee

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

Apart from the matters provided in Part C of Schedule II of SEBI (LODR) Regulations, 2015 read with Section 177(4) of the Companies Act, 2013, the Committee reviews Internal Audit Report, Secretarial Audit Report and the report of Statutory Auditors. The Committee also discusses with the Internal, Secretarial and Statutory Auditors their scope of audit, adequacy of internal control systems, findings and observations / suggestions.

Composition, meetings and attendance particulars of the Audit Committee during the year 2017-18 is as follows:

The Audit Committee met four times during the year on 27 May 2017, 12 August 2017, 11 November 2017 and 12 February 2018.

Sl. No	Name of the Director	Category	No. of Meetings attended
1	Mr. S.R. Iyer *	Chairman	3
2	Mr. T.L. Sankar	Member	4
3	Mr. Abhay M Nalawade#	Chairman	1
4	Mr. Girish N Kulkarni*	Member	1
5	Mr. S. Kishore	Member	4

\* resigned w.e.f. 5 February, 2018.

#appointed as Chairman w.e.f. 5 February, 2018.

All the members of the Committee except Mr. S. Kishore are Independent Directors and all have the requisite qualification and sound knowledge of finance, accounting practices and internal controls.

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

The terms of reference of the Audit Committee are:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing with the management the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
5. Reviewing with the management the quarterly financial statements before submission to the board for approval;
6. Reviewing with the management the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management performance of Statutory and Internal Auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case

of non-payment of declared dividends) and creditors;

18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate; and
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## ii. Nomination and Remuneration Committee

Nomination and Remuneration Committee consists of Non-Executive Directors and Independent Directors. The terms of reference of Nomination and Remuneration Committee are:

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

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

### a. Composition, meetings and attendance particulars of the Nomination and Remuneration Committee during the year 2017-18 is as follows:

The Committee met two times during the year on 22 January 2018 and 12 February 2018.

Sl. No	Name of the Director	Category	No. of Meetings attended
1	Mr. Girish N Kulkarni*	Chairman	1
2	Mr. T.L. Sankar	Member	2
3	Mr. Abhay M Nalawade#	Chairman	1
4	Mr. S.R. Iyer*	Member	0
5	Mrs. K. Kusuma Mani Kumari^	Member	1

\* resigned w.e.f. 5 February, 2018.

#appointed as Chairman w.e.f. 12 February, 2018.

^ appointed as Member w.e.f. 12 February, 2018 and resigned w.e.f. 30 May, 2018

### b. Performance evaluation criteria for Independent Directors

The performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated includes participation in board meetings, contribution to development of strategy and risk management policies, understanding of policies of the company, relationship with fellow members, compliance with code of conduct and Insider Trading Policy of the Company.



**c. Remuneration to Directors:**

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

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

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

**d. Details of Remuneration paid to Directors for the year ended 31 March, 2018:***Rs in million*

Name of the Director	Sitting Fees	Salary	Perquisites	Commission	Total
Mr. T. L. Sankar	0.18	-	-	-	0.18
Mr. S. R. Iyer	0.12	-	-	-	0.12
Mr. Girish N Kulkarni	0.08	-	-	-	0.08
Mr. Abhay M Nalawade	0.04	-	-	-	0.04
Mrs. Savita Jyoti	-	-	-	-	-
Mrs. K. Kusuma Mani Kumari	-	-	-	-	-
Mr. Anil Kumar Kutty	-	-	-	-	-
Mr. Tanmay Das	-	-	-	-	-
Mr. K. Bapi Raju	-	-	-	-	-
Mr. K.A. Sastry	-	9.0	-	-	9.0
Mr. S. Kishore	-	9.0	-	-	9.0

**iii. Stakeholders Relationship Committee**

The Stakeholders Relationship Committee is empowered to perform following functions:

1. to redress the grievances of shareholders, debenture holders and other security holders;
2. to resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.

The Stakeholders Relationship Committee consists of three Directors. The Chairman of the Committee is a Non-executive Director.

The Committee met four times during the year on 27 May 2017, 12 August 2017, 11 November 2017 and 12 February 2018.

The Company Secretary, Mr. Ranjith Kumara Shetty has been designated as Compliance Officer of the Company in compliance with the SEBI (LODR) Regulations, 2015 for resolution of shareholder / investor complaints.

Composition of the Stakeholders Relationship Committee and attendance record during the year 2017-18 is as follows:

Name of the Director	Category	No. of Meetings attended
Mr. Tanmay Das*	Chairman	3
Mr. K.A. Sastry	Member	0
Mr. S. Kishore	Member	4
Mrs. K. Kusuma Mani Kumari#	Chairman	1

\* resigned w.e.f. 5 February, 2018.

# appointed as Chairman w.e.f. 12 February, 2018 and resigned w.e.f. 30 May, 2018

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

#### iv. Finance and Authorisation Committee

The Finance and Authorisation Committee allows the directors of the Company to exercise among other things, powers to borrow money otherwise than on debentures, invest the funds of the Company and to open bank accounts.

The Committee consists of four directors including two whole-time directors. The Company Secretary officiates as Secretary of the Committee.

The Committee met seven times during the year on 2 May, 2017, 22 May 2017, 29 June, 2017, 20 September, 2017, 14 December, 2017, 23 December, 2017 and 12 March, 2018.

Composition of the Finance and Authorisation Committee and attendance record during the year 2017-18 is as follows:

Name of the Director	Category	No. of Meetings attended
Mr. Tanmay Das*	Member	6
Mr. K.A. Sastry	Member	0
Mr. S. Kishore	Member	7
Mr. K. Bapi Raju#	Member	6
Mrs. K. Kusuma Mani Kumari^	Member	1

\* resigned w.e.f. 5 February, 2018.

# resigned w.e.f. 5 February, 2018 and appointed w.e.f. 30 May, 2018

^appointed as member w.e.f. 12 February, 2018 and resigned w.e.f. 30 May, 2018.

#### v. Corporate Social Responsibility (CSR) Committee

The Committee was formed with three Directors, including two Non-Executive Directors. The composition of the CSR Committee is as follows:

Name of the Director	Category
Mr. Tanmay Das*	Member
Mr. T.L. Sankar	Member
Mr. Anil Kumar Kutty#	Member
Mr. S. Kishore**	Member

\* resigned w.e.f. 5 February, 2018.

# resigned w.e.f. 9 April, 2018.

\*\*appointed as member w.e.f. 12 February, 2018

The CSR Committee's primary functions are:

1. To formulate and recommend a Corporate Social Responsibility Policy to the Board which shall indicate the activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013.
2. To recommend the amount of expenditure to be incurred on the activities.
3. To monitor the Corporate Social Responsibility Policy from time to time.

No meetings were held during the year.

#### 4. GENERAL BODY MEETINGS

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

Financial Year	Date and time of AGM	Location	Details of Special Resolutions passed
2014-15	26 August 2015 11.00 AM		Conversion of loan into equity share capital
2015-16	24 September 2016 11.00 AM	Plot No. 694, Road No. 33, Jubilee Hills, Hyderabad - 500 033	Approval for Issue of Securities  Approval for disposal of shares held in Subsidiaries/assets held by Subsidiaries
2016-17	25 September 2017 11.00 AM		Approval for Issue of Securities

#### ii. Postal Ballot

No resolution was passed through Postal Ballot during the financial year 2017-18.

#### 5. OTHER DISCLOSURES:

##### i. Disclosure of Related Party Transactions

There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. The Board has approved the policy for dealing with related party transactions and the said policy has been posted on the Company's website at <http://www.ksk.co.in/ourpolicies.php>

##### ii. Suitable disclosures as required for related parties by the Accounting Standard - 18 (AS-18) and/or Indian Accounting Standards as applicable has been made in the notes to the financial statements.

##### iii. Capital Market Compliance(s)

There was no incidence of non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.

##### iv. Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees and directors to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The policy has been posted on the Company's website at <http://www.ksk.co.in/ourpolicies.php>. The Company affirms that no person has been denied access to the Chairman of the Audit Committee.

##### v. The policy for determining 'material' subsidiaries is available on the website of the Company at <http://www.ksk.co.in/ourpolicies.php>

#### 6. The Company has complied with the requirements of Schedule V Corporate Governance report sub-paras (2) to (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 7. Compliance with mandatory requirements and adoption of discretionary requirements:

**The Company has complied with all the mandatory requirements of corporate governance as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Certificate from Statutory Auditors confirming compliance with the conditions of Corporate Governance is annexed.**

The status of compliance with discretionary requirements is as under:

- a. Half-yearly and other quarterly financial results are published in newspapers and posted on Company's website.

- b. The Chairman of the Board is a Non-Executive Independent Director and his position is separate from that of the Whole-time Director.
- c. The Internal Auditors Reports to the Audit Committee.

**8. The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations.**

**9. Code of Conduct:**

The Company has adopted a Code of Conduct as required under Regulation 17 (5) of SEBI (LODR) Regulations, 2015, which applies to all the Board Members and Senior Management of the Company. The Board Members and senior management personnel have affirmed their compliance on an annual basis and their confirmations have been received in this regard. The Code of Conduct is available on the Company's website: [www.ksk.co.in](http://www.ksk.co.in)

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

**10. CEO and CFO Certification**

The WTD of the Company have certified to the Board in relation to reviewing financial statements and other information as mentioned in Part B Schedule II of SEBI (LODR) Regulations, 2015 and the required certificate is appended.

**11. Means of Communication**

- i. Financial Results: The quarterly, half yearly and annual financial results are published in all India editions of Business Standard / Financial Express (national daily) and Andhra Prabha (regional newspaper). Further the financial results, official news releases and other shareholder information are posted on Company's website: [www.ksk.co.in](http://www.ksk.co.in).
- ii. Annual Reports: The Annual Reports were e-mailed/posted to Members and others entitled to receive them.
- iii. Website: The Company's website [www.ksk.co.in](http://www.ksk.co.in) contains a separate dedicated section 'Investor relations' where shareholders' information is available. Comprehensive information about the Company, its business and operations, press releases and presentation to Investors can also be viewed. Annual Report is also available in a downloadable form.
- iv. NSE Electronic Application Processing System (NEAPS) and BSE online Portal: The Company also submits to NSE, all disclosures and communications through NSE's NEAPS portal. Similar filings are made to BSE on their Online Portal - BSE Corporate Compliance & Listing Centre.

**12. General Shareholder Information**

- i. Annual General Meeting  
Day, Date and time: Saturday, 29th September 2018, 1000 hours  
Venue: Mini Conference Hall, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad - 500045
- ii. Financial Year: April 1 to March 31
- iii. Dividend Payment date: Nil
- iv. Listing on Stock Exchanges with Stock Code

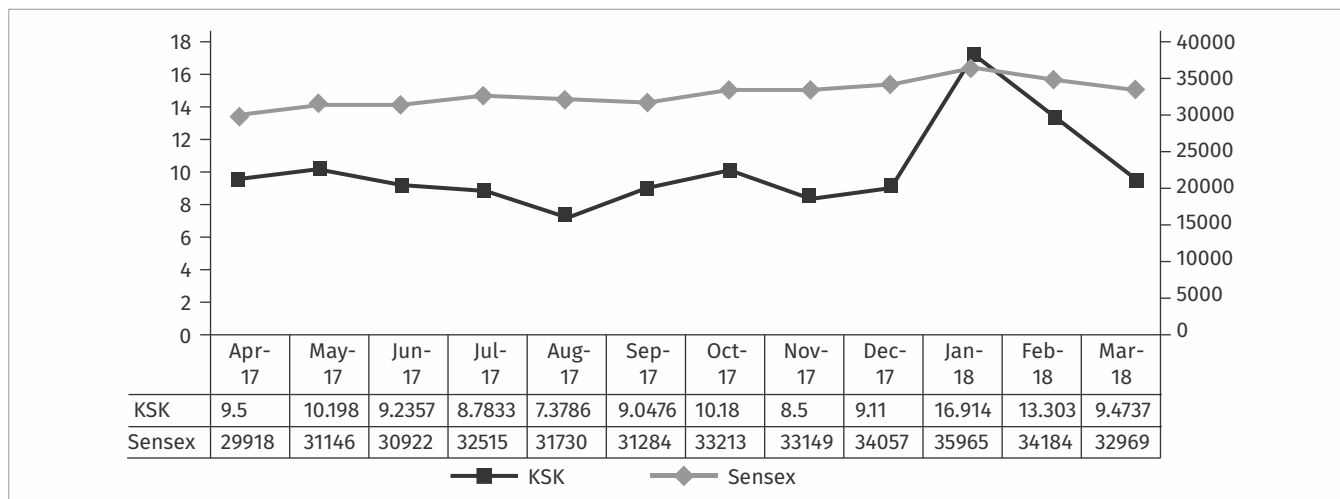
Name and Address of the Stock Exchange	Scrip Code / Trading Symbol
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	532997
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051.	KSK

- v. Listing fee for the year 2017-18 has been paid to all the Stock Exchanges.
- vi. ISIN Code for Demat: The ISIN allotted to the Company is INE143H01015
- vii. Market Information:

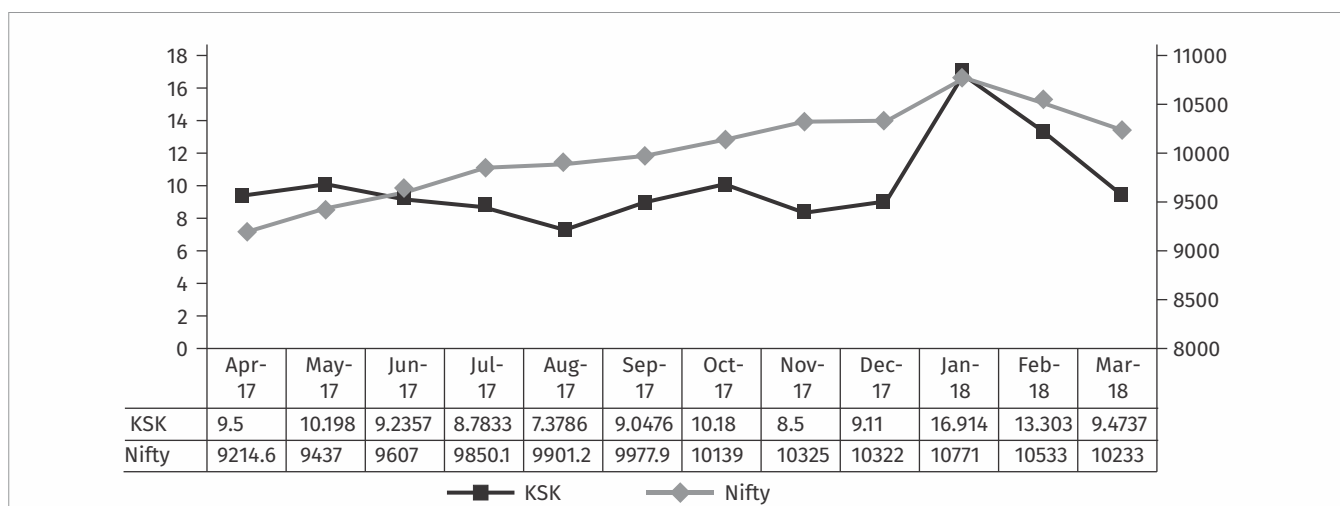
Market Price Data: High, low during each month and trading volumes of the Company's Equity shares during the last financial year at NSE and BSE are given below.

MONTH	NSE			BSE		
	High	Low	Volume	High	Low	Volume
	₹	₹	₹	₹	₹	₹
April, 2017	11.9	7.6	64009240	11.87	7.63	42147008
May, 2017	11.35	9.2	12770550	11.44	9.3	9092035
June, 2017	10.2	8.15	12369600	10.05	8.23	1570085
July, 2017	10.25	8.05	18336468	10.1	8.06	2080823
August, 2017	8.7	6.45	15601284	8.58	6.5	2189620
September, 2017	12.9	6.2	91597244	12.95	6.49	19677660
October, 2017	11.35	9.15	11231588	11.55	9.1	7004304
November, 2017	11.2	6.95	26216923	11.43	7	4925348
December, 2017	12.85	7.25	74175836	11.26	7.22	3189710
January, 2018	20.6	12.9	82018467	19.22	11.82	11569886
February, 2018	16	10.65	14436312	16	10.75	4820236
March, 2018	11.35	8.2	22114157	11.4	8.08	9994119

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



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



viii. There was no suspension of trading in Securities of the Company during the year under review

## ix. Registrar and Transfer Agents

### Karvy Computershare Private Limited

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

Ph: 040-67162222

Fax: 040-23001153

E-mail: einward.ris@karvy.com

## x. Share Transfer System:

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

## xi. Distribution of Shareholding

a). Distribution of Shares as on 31 March, 2018

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5000	19,015	61.28	3,205,015	32,050,150	0.75
5001- 10000	4,332	13.96	3,836,889	38,368,890	0.90
10001- 20000	2,651	8.54	4,399,789	43,997,890	1.03
20001- 30000	1,190	3.83	3,149,832	31,498,320	0.74
30001- 40000	553	1.78	2,043,016	20,430,160	0.48
40001- 50000	809	2.61	3,940,371	39,403,710	0.93
50001- 100000	1,068	3.44	8,539,215	85,392,150	2.01
100001& Above	1,411	4.55	394,871,647	3,948,716,470	93.13
<b>TOTAL</b>	<b>31,029</b>	<b>100.00</b>	<b>423,985,774</b>	<b>4,239,857,740</b>	<b>100.00</b>

b). Shareholding Pattern as on 31 March 2018

Category	No of Shares	%
<b>A. Promoters Holding</b>		
Promoters	150462083	35.49
<b>Sub -Total: A</b>	<b>150462083</b>	<b>35.49</b>
<b>B. Public Shareholding</b>		
Mutual Funds /UTI	48004639	11.32
Financial Institutions /Banks	6718968	15.85
Foreign Institutional Investors	26325686	6.21
Bodies Corporate	60331275	14.23
Non Resident Indians	875583	0.21
Non Resident Indian Non Repatriable	774790	0.18
Foreign Bodies	26374531	6.22
Indian Public	104118219	24.56
<b>Sub -Total: B</b>	<b>273523691</b>	<b>64.51</b>
<b>GRAND TOTAL (A+B)</b>	<b>423985774</b>	<b>100</b>



**(xii) Dematerialisation of Shares and Liquidity:**

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

**(xiii) Address for investor's correspondence**

- (i) Registrar and Transfer Agents:  
Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad - 500 032.  
Ph: 040-67162222  
Fax: 040-23001153  
E-mail: einward.ris@karvy.com
- (ii) Any Query on Annual Report:  
Corporate Affairs Department  
KSK Energy Ventures Limited  
8-2-293/82/A/431/A  
Road No. 22, Jubilee Hills  
Hyderabad - 500 033  
Ph: 040-23559922-25  
Fax: 040-23559930  
E-mail: investors@ksk.co.in  
CIN: L45204TG2001PLC057199

Plant Locations: Not applicable as the Company operates through its subsidiaries.

# Auditors' Certificate & Compliance Certificate

## Independent Auditors' Certificate regarding compliance of the conditions of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To  
The Members of  
KSK Energy Ventures Limited

1. We, Jawahar and Associates, Chartered Accountants, the statutory auditors of KSK Energy Ventures Limited ('the Company'), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2018, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with Stock Exchanges in India.

### Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of the Internal Control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in SEBI Listing Regulations.

### Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by Institute of Chartered Accountants of India (ICAI), the Standards on Auditing Specified under Section 143(10) of the Companies Act, 2013 in so far as applicable for the purpose of this Certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Service Engagements.

### Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of SEBI Listing Regulations during the year ended March 31, 2018.
8. We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Jawahar & Associates**  
Chartered Accountants

Sd/-  
M. Chandramouleswar Rao  
Partner  
ICAI MRN 024608  
FRN 001281S

Place: Hyderabad  
Date : 11.08.2018

### Certificate of Compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management of the Company in respect of Financial Year 2017-18.

Place : Hyderabad  
Date : 11.08.2018

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

The Board of Directors,  
KSK Energy Ventures Limited.

### **COMPLIANCE CERTIFICATE**

I, S. Kishore, Whole-time Director of KSK Energy Ventures Limited, to the best of my knowledge and belief hereby certify that:

- a) I have reviewed financial statements and the cash flow statement for the year ended 31 March 2018 and:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are no transactions entered into by the company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design and operations of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the auditors and the audit committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Hyderabad  
Date : 14.06.2018

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

## Dear Shareholders,

Your Directors have the pleasure in presenting the Eighteenth Annual Report together with the audited statements of accounts for the year ended 31 March 2018.

## Performance Highlights

The financial performance of your Company for the year ended 31 March 2018 is summarized below:

Particulars	<i>Rs. in million</i>			
	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Income	24.93	198.49	31,490.17	39,385.83
Operating expenditure	(654.61)	(112.78)	(25,247.91)	(26,595.20)
Operating profit	(629.68)	85.71	6,242.26	12,790.63
Add: Other income	139.79	377.27	780.28	1,633.64
Less: Finance cost	(1,380.60)	(1,333.89)	(21,842.80)	(21,945.11)
Less: Depreciation	(2.16)	(4.09)	(5,997.75)	(6,822.71)
Add: Exceptional items	(1,888.84)	-	2,200.37	6,055.20
Profit/(loss) before tax (PBT)	(3,761.50)	(875.01)	(18,617.63)	(8,288.35)
Tax expense / (income)	(73.83)	-	(1,603.72)	(1,360.85)
Net profit/(loss) after tax	(3,835.33)	(875.01)	(17,013.91)	(6,927.50)
Share of profit / (loss) of Associate	-	-	(111.15)	(68.71)
Other comprehensive income	(1.32)	0.06	(4.60)	1.34
Total comprehensive income	(3,836.65)	(874.95)	(17,129.66)	(6,994.87)
Earnings per share (EPS) (Rs.)				
Basic and Diluted	(9.05)	(2.06)	(33.64)	(15.00)

## Standalone

During the year under review, income of the Company stood at Rs. 24.93 million. Further, there is increase in the operating expenditure, resulting in operating loss of Rs. 629.68 million. With high finance cost, increase in operating expenditure and decrease of other income, the Company reported a loss of Rs. 3,836.65 million.

## Consolidated

During the year under review, the consolidated revenue of the group has decreased by Rs. 7,895.66 million as a result of lower than expected PLF at KSK Mahanadi and deconsolidation of Sai Wardha Power and VS Lignite. As a result, operating profit has also decreased by Rs. 6,547.58 million. With high finance cost and depreciation and lower other income, loss before tax for the year has gone up by Rs. 10,329.28 million and stood at Rs. 18,617.63 million.

## Review of Operations

KSK Energy Ventures Limited (The Company) is a power project development Company. The Company carries out development, operations and maintenance of power projects in India. The Company operates power plants which include three coal based plants, one lignite based power plant, one natural gas based power plant and a solar based power project, having a combined operating capacity of 2629 MW.

## Principal Power Assets

KSK's principal power projects are as follows:-

Operational power plants

- KSK Mahanadi, a 3,600 MW coal based power plant in Chhattisgarh - three units of 600 MW each are under operation;
- Sai Wardha, a 540 MW coal based power plant in Maharashtra;
- VS Lignite, a 135 MW lignite based power plant in Rajasthan;
- Sai Lilagar (formerly Arasmeta), a 86 MW coal based power plant in Chhattisgarh;
- Sai Regency, a 58 MW natural gas based power plant in Tamilnadu and
- Sai Maithili, a 10 MW Solar power plant in Rajasthan.

During the year, 43 MW coal based power plant of Sitapuram in which the Company held 49% equity was taken over by Zuari Cement Limited, Holding Company of Sitapuram in line with completion of initial term of 10 years under the PPA of this captive power plant.

## Material changes and commitments

The Lenders Consortium at KSK Mahanadi Power Company Limited (KSK Mahanadi) along with Lenders consortium at the Water and Railway infrastructure SPVs have invoked the shares pledged with them as security for the financial facilities. Consequent to the invocation of pledge at KSK Mahanadi, it ceased to be subsidiary of the Company and the same will substantially impact the financial position of the Company moving forward.

Further, there is no change in the nature of business of the Company.

## Review of Business

The operational and financial performance of each of the power plants for the financial year 2017-18 has been outlined in the "Management Discussion and Analysis Report".

## Share Capital

The paid up equity share capital as on 31 March 2018 was Rs.4,239.86 million comprising of 42,39,85,744 (Forty Two Crore Thirty Nine Lakh Eighty Five Thousand and Seven Hundred Forty Four) equity shares of Rs.10/- each.

## Subsidiaries / Joint Ventures / Associates

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

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

The consolidated financial statements of the Company which includes the results of its subsidiaries, associates and joint ventures are included in this Annual Report.

Pursuant to the provisions of Section 136 of the Act, the financial statements including consolidated financial statements are being made available on the website of the Company [www.ksk.co.in](http://www.ksk.co.in). The financial statements of subsidiary companies will be available for inspection during business hours at the registered office of the Company and also on the website of the Company.

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

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

During the year, the lenders of Sai Wardha Power Generation Limite (Sai Wardha) acquired the majority equity control by invocation of shares pledged with them and resultantly Sai Wardha and its subsidiary Field Mining and Ispats Limited have ceased to be subsidiary of the Company. Zuari Cement Limited, Holding Company of Sitapuram Power Limited has taken over entire 49% shareholding held by the Company and in result it has ceased to be Joint Venture of the Company.

Further, after the end of the financial year project consortium lenders of KSK Mahanadi Power Company Limited (KSK Mahanadi), KSK Water Infrastructures Private Limited, Subsidiaries and RaigarhChampa Rail Infrastructure Limited, Associate Company have invoked majority of shares pledged with them as security for the financial facilities and as a result all three Companies and Sai Power Pte. Ltd. subsidiary of KSK Mahanadi have ceased to be Subsidiaries and Associate Company respectively.

### **Corporate Governance**

Pursuant to SEBI (LODR) Regulations, 2015 (hereinafter referred to as "Listing Regulations"), a detailed report on Corporate Governance is given in this Annual Report. A certificate from the Statutory Auditors of the Company regarding compliance with conditions of Corporate Governance is attached to the Corporate Governance report.

### **Management Discussion and Analysis Report**

A Management Discussion and Analysis report in terms of regulation 34 of Listing Regulations is provided in a separate section and forms an integral part of this Annual Report.

### **Directors and Key Managerial Personnel**

#### *Independent Directors & Non-Executive Directors*

Mr. S.R. Iyer & Mr. Girish N Kulkarni, Independent Directors and Mr. Tanmay Das & Mr. K. Bapi Raju, Non-Executive Directors have resigned with effect from 05 February 2018. Mrs. Savita Jyoti, Mr. Anil Kumar Kutty and Mrs. K. Kusuma Mani Kumari, Non-Executive Directors have resigned with effect from 11 November, 2017, 09 April, 2018 and 30 May, 2018 respectively.

Mr. Abhay M. Nalawade and Ms. Alankrita Soni have been appointed as Additional Directors of the Company in the category of Independent Directors with effect from 05 February 2018 and 30 May 2018 respectively. Mrs. K. Kusuma Mani Kumari and Mr. K. Bapi Raju have been appointed as Additional Directors of the Company with effect from 05 February 2018 and 30 May 2018 respectively.

Mr. Abhay M. Nalawade, Ms. Alankrita Soni and Mr. K. Bapi Raju are proposed to be appointed as Directors under the provision of section 160 of the Act at the ensuing Annual General Meeting.

In accordance with the provisions of Section 152(6) of the Act, Mr. S. Kishore, Whole-time Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offered himself for re-appointment.

Brief profiles of Mr. S. Kishore, Mr. Abhay M. Nalawade, Ms. Alankrita Soni and Mr. K. Bapi Raju are given in notice convening the Eighteenth Annual General Meeting for reference of shareholders.

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

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the applicable provisions of Section 149 of the Act and under Listing Regulations.

#### *Key Managerial Personnel*

Mr. V. Sambasiva Rao, Chief Financial Officer and Mr. M.S. Phani Sekhar, Company Secretary have resigned with effect from 30 May, 2018. Mr. Ranjith Kumara Shetty has been appointed as Company Secretary and Compliance Officer with effect from 30 May, 2018.



### *Meetings of the Board*

The Board met five (5) times during the year. The details are given in Corporate Governance report that forms part of this Annual report.

### *Performance Evaluation*

As per the provisions of the Act and Listing Regulations, the Board carried out annual evaluation of the Board's performance, its Committees and individual Directors.

Board performance evaluation, evaluation of Committees and individual Directors is carried out through a questionnaire encompassing upon various areas that provide an insight and feedback into the functioning of the Board, its Committees, individual Directors and areas of development.

In a separate meeting of independent directors, performance of non-independent directors, performance of the Board as a whole, performance of the Chairman and quality, quantity and timeliness of flow of information between the Company management and the Board was evaluated.

### **Remuneration Policy**

In terms of the provisions of Section 178(3) of the Act and Regulation 19 read with Schedule II Part D of Listing Regulations, the Nomination and Remuneration Committee is responsible for formulating the criteria for determining qualifications, positive attributes and independence of a Director.

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

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

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

### **Particulars of Employees**

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

### **Directors' Responsibility Statement**

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

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

adequate and were operating effectively;

- proper systems are in place to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Audit Committee**

The Audit Committee of the Company constituted in terms of Section 177(1) of the Act and Regulation 18 of the Listing Regulations comprises of - Mr. T.L. Sankar, Mr. Ahbay M. Nalawade and Mr. S. Kishore as on 31 March, 2018. Terms of reference, meetings and attendance particulars of the Audit Committee are included in the Corporate Governance Report forming an integral part of this Annual Report.

### **Corporate Social Responsibility Committee**

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

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

In compliance with requirements of Section 135 of the Act, the Company has laid down a CSR Policy. The composition of the Committee, contents of CSR Policy and report on CSR activities carried out during the financial year ended 31 March, 2018 in the format prescribed under Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as **Annexure IV**. The CSR Committee has not met during the year.

### **Statutory Auditors**

M/s. Jawahar and Associates, Chartered Accountants, Hyderabad, (ICAI Firm Registration No. 001281S) have been appointed as Statutory Auditors of the Company to hold office from the conclusion of the 17th Annual General Meeting held on 25 September, 2017 for 5 consecutive years till the conclusion of the 22nd Annual General Meeting of the Company in the calendar year 2022 (subject to ratification by the shareholders at each Annual General Meeting if so required under the Act).

Companies Amendment Act, 2017 omitted the first proviso to Section 139 of Companies Act, 2013 that requires ratification of appointment of auditor at every annual general meeting.

### **Explanation to Statutory Auditors' Qualification / Comment on the Company's financial statements**

The Auditors' Qualification has been appropriately dealt with in Note No. 35 and 36 of the Notes to the standalone audited financial statements and in Note No. 8 of the Notes to the consolidated audited financial statements. The Auditors' Report is enclosed with the financial statements in this Annual Report.

### **Secretarial Audit Report**

Pursuant to Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. V. Pavana Srinivasa Rao, Practising Company Secretary, Hyderabad to undertake Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report in form MR-3 received from him is annexed herewith as **Annexure V** to this Report.

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

### **Cost Audit**

The Company is not required to maintain cost records and cost audit as per section 148 of the Companies Act, 2013 and the rules framed thereunder.

**Whistle Blower Policy/Vigil Mechanism**

The Company has formulated a Whistle Blower Policy and has established a Vigil Mechanism for employees including Directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of Section 177(9) of the Act and Regulation 22 of Listing Regulations.

The whistle blower policy is available on the Company's website at the link:<http://ksk.co.in/pdfs/Whistle-Blower-Policy.pdf>.

**Dividend**

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

**Transfer to Reserves**

No amounts were proposed to be transferred to reserves for the year under review.

**Deposits from Public**

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

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

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

**Internal Control Systems**

Your Directors believes that the Company's internal financial controls with reference to financial statements were adequate and effective during the financial year 2017-18.

**Loans, Guarantees or Investments under Section 186 of the Act**

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

**Contracts and arrangements with Related Parties**

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

There are no materially significant related party transactions made by the company with related parties which may have potential conflict with interest of the company at large. As a matter of policy, your Company carries out transactions with related parties on an arms' length basis.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC-2 does not form a part of this report.

Further, the Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the financial year 31 March, 2018. Suitable disclosure as required by the Accounting Standard-18 (AS-18) and/or Indian Accounting Standards as applicable has been made in the notes to the financial statements.

**Risk Management Policy**

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

**Annual Return**

As provided under Section 92(3) read with Section 134 of the Act, the annual return will be placed on the website of the Company at the web link <http://www.ksk.co.in/agm2018.php>

## Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013.

There were no complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the year ended 31 March, 2018.

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

### A. Conservation of Energy:

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

### B. Technology Absorption:

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

No technology has been imported during the past 3 years.

  - a. The details of technology import: -NIL
  - b. The year of import: -NIL
  - c. Whether the technology has been fully absorbed: -NIL
  - d. If not fully absorbed, areas where absorption has not taken place and the reasons thereof: - NIL
- iv. The expenditure incurred on Research and Development: -N.A.

### C. Foreign Exchange Earnings and Outgo:

Particulars	Rs. in million	
	2017-18	2016-17
Exchange Earnings	-	-
Foreign Exchange Outgo	-	-

## Acknowledgements

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

On behalf of the Board

Hyderabad  
Date: 11.08.2018

Sd/-  
**T.L. Sankar**  
Chairman

## REMUNERATION POLICY

### Preamble

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

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

### Purpose

This Policy on appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the "Policy") has been formulated in terms of the provisions of Section 178 of the Companies Act, 2013 (the "Act") and Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

### Objectives of the Policy

The objectives of this policy are as detailed below:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To ensure that the remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- To evaluate the performance of the members of the Board.

### Definitions

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

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

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

'Independent Director' means a Director referred to in Section 149(6) of the Act and Listing Regulations, as amended from time to time.

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

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

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

## **Constitution of Nomination and Remuneration Committee**

A nomination and remuneration committee of the Board has been constituted in line with the requirements of the Act.

### **Role of the Committee:**

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

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

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

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

### **Remuneration to Non-executive / Independent Director**

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

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

On behalf of the Board

Sd/-

**T.L. Sankar**

Chairman

Hyderabad

Date: 11.08.2018



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

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2017-18, the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2017-18 are as below:

S. No.	Name of the Director	Designation	Remuneration of Director/Key Managerial Personnel for the financial year (INR Million)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year
1	Mr. T.L. Sankar <sup>1</sup>	Non-Executive Chairman and Independent Director	Nil	Nil	Nil
2	Mr. S.R. Iyer <sup>1</sup>	Independent Director	Nil	Nil	Nil
3	Mr. Girish N Kulkarni <sup>1</sup>	Independent Director	Nil	Nil	Nil
4	Mr. Abhay M Nalawade <sup>1</sup>	Independent Director	Nil	Nil	Nil
5	Mrs. Savita Jyoti <sup>2</sup>	Non-Executive Director	Nil	Nil	Nil
6	Mrs. K. Kusuma Mani Kumari <sup>2</sup>	Non-Executive Director	Nil	Nil	Nil
7	Mr. K. A. Sastry	Whole-time Director	9.0	1:0.2222	Nil
8	Mr. S. Kishore	Whole-time Director	9.0	1:0.2222	Nil
9	Mr. K. Bapi Raju <sup>2</sup>	Non-Executive Director	Nil	Nil	Nil
10	Mr. Anil Kumar Kutty <sup>2</sup>	Non-Executive Director	Nil	Nil	Nil
11	Mr. Tanmay Das <sup>2</sup>	Non-Executive Director	Nil	Nil	Nil
12	Mr. V. Sambasiva Rao	Chief Financial Officer	5.0	Not Applicable	38.88
13	Mr. M.S. Phani Sekhar	Company Secretary	3.6	Not Applicable	50.00

- Mr. T.L. Sankar, Mr. S.R. Iyer, Mr. Girish N. Kulkarni & Mr. Abhay M Nalawade were paid sitting fees for attending the Meetings.
- Mr. K. Bapi Raju, Mr. Anil Kumar Kutty, Mrs. Savita Jyoti, Mrs. K. Kusuma Mani Kumari and Mr. Tanmay Das were not paid any remuneration.
- The Company experienced an average decrease of 7.95% in the median remuneration of employees in the financial year. Though there is no decrease in salaries of employees, the decrease in median remuneration of employees is due to reduction in employees during the year 2017-18.
- The Company has 15 permanent employees on its rolls as on 31 March 2018.
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was NIL and the increase in the managerial remuneration was NIL.
- The key parameters for any variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of Nomination and Remuneration Committee.
- It is hereby affirmed that the Remuneration paid to Directors, Key Managerial Personnel and Senior Management is as per the Remuneration policy of the Company.

On behalf of the Board

Sd/-

**T.L. Sankar**  
Chairman

Hyderabad  
Date: 11.08.2018

## Annexure-III to Directors' Report

### Information pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 as amended

Details of top ten employees of the Company in terms of remuneration drawn as on 31 March, 2018.

S. No	Employee Name	Age	Qualifications	Designation	Date of commencement of employment	Remuneration (INR Mn)	Nature of employment	Related to any Director or Manager of the Company	Experience (Years)	Last Employment
1	Sastry K A	58	B.Com, FCA	Whole-time Director	1 April 2004	9.00	Contractual	No	30	Director, K&S Consulting Group Private Limited
2	Kishore S	55	B.Com, FCA	Whole-time Director	1 April 2004	9.00	Contractual	No	31	Director, K&S Consulting Group Private Limited
3	Krishna Murthy K V	41	MBA	Deputy Chief Financial Officer	8 June 2004	5.01	Permanent	No	19	Vxceed Technologies
4	Shanker Narayan C	57	B.Com, PGDMSM	Head-HR	21 August 2006	4.21	Permanent	No	32	Aris Global Software Private Limited
5	Sambasiva Rao V	69	B.Com, ACA	Chief Financial Officer	3 October 2006	5.00	Permanent	No	43	Bambino Agro Industries Limited
6	Phani Sekhar M S	38	M.Com, LLB, ACS	Company Secretary	1 May 2014	3.6	Permanent	No	12	KSK Group
7	Raj Kamal Bajaj	66	B.Com	Head - Administration	25 January 2010	2.71	Permanent	No	37	Pidilite Industries Limited
8	Narasimha Reddy G	43	B.Com	Senior Manager - Accounts	10 June 1997	2.00	Permanent	No	24	Sumangala Seeds Private Limited
9	Latha Parikh	51	B.Com	Executive Secretary	9 January 1993	1.80	Permanent	No	34	Super Inducto Castings Private Limited
10	Ravi Kumar R	49	PG	Senior Manager - Corporate Communications	7 September 2010	1.11	Permanent	No	26	VignanaJyothi Institute Of Management

Please note that no employees are there in the service of the company in the category specified under Rule 5 (2)(iii) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

On behalf of the Board

Sd/-

**T.L. Sankar**  
Chairman

Hyderabad  
Date: 11.08.2018

## Report on CSR activities

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

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

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

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

- a. Education
- b. Health and Family welfare
- c. Sustainable Development
- d. Infrastructure Development
- e. Cultural and Community Support

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

2. The CSR committee comprises of Mr. T.L. Sankar, Mr. Abhay M Nalawade and Mr. S. Kishore.
3. Average net profit of the Company for last three financial years: Nil (since the Company incurred losses during last 3 years)
4. Prescribed CSR expenditure: Not Applicable for the financial year 2017-18.
5. Details of CSR spend for the financial year:
  - a. Total amount spent for the financial year: Nil
  - b. Amount unspent, if any: Nil
  - c. Manner in which the amount spent during the financial year:

CSR Project or activity projects identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1)Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting the period	Amount spent : Direct or through implementing agency
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NOT APPLICABLE

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: Not Applicable

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

For and on behalf of Corporate Social Responsibility Committee

Sd/-

**S. Kishore**

Whole-time Director

Sd/-

**T.L. Sankar**

Chairman

Hyderabad

Date: 11.08.2018

## SECRETARIAL AUDIT REPORT

for the financial year ended 31 March, 2018

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

To,

The Members,

KSK Energy Ventures Limited

CIN: L45204TG2001PLC057199

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

Hyderabad - 500 033.

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by KSK Energy Ventures Limited ("the Company") for the financial year ended on 31 March 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') including any amendments thereto;
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the company during the Audit Period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the Audit Period)

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Listing Agreements entered with the National Stock Exchange of India Limited and the BSE Limited.

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

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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

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

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

Sd/-

Place: Hyderabad

Date: 10-08-2018

**V. Pavana Srinivasa Rao, ACS**  
Practicing Company Secretary  
FCS No. 20748; C P No.: 7671

# Independent Auditors' Report

To

The Members of KSK Energy Ventures Limited

## Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of KSK Energy Ventures Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other Comprehensive income), the statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Standalone Ind AS financial statements').

## Management's Responsibility for the Standalone Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

## Basis for Qualified Opinion

- a. *We draw attention to note no. 35 of the statement regarding invocation of the pledged shares of KSK Mahanadi Power Company Limited ("KMPCL") a subsidiary of the company, pledged by the Company in favour of the lenders of KMPCL. The company holds an amount of Rs. 411.22 Crores as Investments and Rs. 2,465.92 crores as receivable consequent to invocation of pledge referred above in the Financial Statements.*



*Pending disposal/transfer of shares by the Lenders no provision has been considered in these financial statements by the management, as impact, if any is currently unascertainable*

- b. *We draw your attention to note no. 36 of the Statement regarding invocation of the pledged shares of Sai Wardha Power Generation Limited ("SWPGL"), pledged by the Company in favour of the lenders of SWPGL. The company holds an amount of Rs. 164.90 crores as Investments and Rs. 134.42 crores as receivable consequent to invocation of pledge referred above in the Financial Statements.*

*Pending disposal/transfer of shares and pending debt restructuring/ change in management by the Lenders no provision has been considered in these financial statements by the management, as impact, if any is currently unascertainable.*

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in "basis for qualified opinion" paragraph, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- b. in the case of the Profit and Loss Statement including other comprehensive income, of the loss for the year ended on that date;
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date; and
- d. in the case of the changes in equity for the year ended on that date.

### **Emphasis of Matters**

We draw your attention towards:

- a. Note no. 2.6 of the financial statement, which state that "the company has incurred a net loss during the year ended 31st March, 2018 and during the previous years with resultant defaults in payment of interest and instalments dues to banks and financial institutions. Further as discussed in Note no. 35 and 36 to the financial statements, the company has residual investments and receivables pursuant to invocation of shares. However, the company continues to prepare the financial statements as a going concern as the Company is making appropriate representation and is in discussion with the respective lenders to find an appropriate resolution plan at each of the assets".

In the absence of any contrary information, our opinion is not modified in this matter.

- b. Note no. 16.4 of the statement, stating that "some of the lenders have recalled the loan given to the Company and has issued notice for possession of underlying securities on account of non-payment of overdue amount. The Company would seek to take appropriate steps, for addressing the same. Notwithstanding of above, pending resolution, classification of borrowings into non-current and current is done based on original terms of sanction".

Our opinion is not modified in this matter.

- c. Note no. 37 of the Statement, stating that "the Impairment loss amounting to Rs. 188.88 Crores incurred by the company on account of Impairment of Property, Plant and Equipment (PPE), investments and other assets related to subsidiaries. The same has been disclosed as exceptional item in the Statement of Profit and Loss for the year ended 31st March 2018". Our opinion is not modified in this matter

### **Other Matters**

The comparative financial information of the company for the year ended March 31, 2017, included in these standalone financial statements, have been audited by the predecessor auditor. The report of the predecessor auditor on comparative financial information dated 27May 2017 expressed an unmodified opinion.

# Independent Auditors' Report

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, Statement of Profit and Loss, the statement of Cash Flow and the Statement of changes in equity dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards referred to in section 133 of companies act 2013, read with relevant Rules issued there under.
  - e. We have not received written representation from one of the directors of the company for non-disqualification under Section 164(2). As far as other directors are concerned, on the basis of written representations received from such directors as on March 31, 2018, and taken on record by the Board of Directors, none of the remaining directors are disqualified as on March 31, 2018, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements-Refer Note 27 to the standalone Ind AS financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts. Refer to Note 17 to the standalone Ind AS financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Jawahar and Associates.,**  
Chartered Accountants  
Firm Registration No: 001281S

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

Place: Hyderabad  
Date: 14 June, 2018

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

**According to the information and explanations given to us:**

- i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a fixed programme of Physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified the fixed assets during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the company
- ii. The Company is primarily engaged in the development of private sector power projects. The Company does not have any inventory and accordingly reporting under Clause 3(ii) of the Order is not applicable.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to ten companies covered in the register maintained under section 189 of the Companies Act, 2013.
  - (a) In our opinion, terms and conditions on which the Loans had been granted to the bodies corporate listed in the register maintained under section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
  - (b) The terms of arrangement do not stipulate any repayment schedule and loans are repayable on demand. Accordingly, paragraph 3(iii)(b) & (c) of the order is not applicable to the company in respect of repayment of principal amount.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments made and providing guarantees and securities, as applicable
- v. The Company has not accepted any deposits from the public and consequently the directives issued by Reserve Bank of India; the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under are not applicable.
- vi. The maintenance of cost records under Section 148(1) of the Act, has not been specified by the Central Government for the business activity carried out by the Company. Thus, reporting under Clause 3(vi) of the Order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Excise duty, Value Added Tax, Service Tax, Custom Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Excise duty, Value Added Tax, Service Tax, Custom Duty, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

## Annexure - A to Auditors' Report

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

S.no	Name of the Statue	Nature of Dues	Amount (in Crores)	Period to which it relates	Forum where the dispute is pending
1.	Finance Act, 1994- Service Tax	Availment of Cenvat Credit	50.56	April 2008- September 2010	CESTAT (Hyderabad)
2.	Income Tax Act 1961	Income tax	24.90	AY 2014-15	CIT (Appeals)
3.	Income Tax Act 1961	Income tax	20.45	AY 2015-16	CIT (Appeals)

\* in respect of S.no. 1 above, an amount of Rs 2.68 Crores has been deposited for grant of stay.

\* in respect of S.no. 2 above, entire demand amount has been adjusted from refund relating to subsequent years.

\* in respect of S.no. 3 above, an amount of Rs 5.15 Crores has been adjusted from refund relating to subsequent years.

viii. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of loans or borrowings to financial institutions and banks as per the details given below:

Name of the Lender	Amount of Default in Principal (Rs. In Crores)	Amount of Default in Interest (Rs. In Crores)	Period of Default
IFCI	5.00	2.99	September 2017 to March 2018
LIC	90.03	136.66	October 2015 to March 2018
L&T	-	2.01	October 2017 to March 2018
Axis Bank	-	12.52	March 2018

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

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

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

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

- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Hyderabad  
Date: 14 June, 2018

For **Jawahar and Associates.**,  
Chartered Accountants  
Firm Registration No: 001281S

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

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

We have audited the internal financial controls over financial reporting of KSK Energy Ventures Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad  
Date: 14 June, 2018

For **Jawahar and Associates.,**  
Chartered Accountants  
Firm Registration No: 001281S

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

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# Balance Sheet as at 31 March 2018

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

	Note	As at	
		31-Mar-18	31-Mar-17
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	5	6.99	17.39
(b) Capital work-in-progress	5	-	74.15
(c) Intangible assets	6	-	-
(d) Financial Assets			
(i) Investments	7	14,555.92	40,085.78
(ii) Trade receivables	8	-	99.43
(iii) Loans	9	1,154.97	731.36
(iv) Other financial assets	10	4.98	411.46
(e) Deferred tax assets (net)	11	-	73.83
(f) Other non-current assets	12	131.88	259.50
		<b>15,854.74</b>	<b>41,752.90</b>
<b>2 Current assets</b>			
(a) Financial Assets			
(i) Trade receivables	8	334.18	309.52
(ii) Cash and cash equivalents	13	12.55	24.25
(iii) Bank balances other than (ii) above	14	236.87	303.49
(iv) Loans	9	3,063.09	1,420.81
(v) Other financial assets	10	23,800.51	225.52
(b) Current tax assets (Net)		54.86	0.20
(c) Other current assets	12	649.47	46.50
		<b>28,151.53</b>	<b>2,330.29</b>
<b>Total Assets</b>		<b>44,006.27</b>	<b>44,083.19</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	4,239.86	4,239.86
(b) Other equity		23,117.73	26,954.37
		<b>27,357.59</b>	<b>31,194.23</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	2,585.34	4,681.26
(ii) Other financial liabilities	19	-	319.64
(b) Provisions	17	0.12	-
		<b>2,585.46</b>	<b>5,000.90</b>

Continued...

	Note	As at	
		31-Mar-18	31-Mar-17
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	5,215.67	2,153.49
(ii) Trade payables	18	2,044.83	1,332.48
(iii) Other financial liabilities	19	6,799.59	4,388.20
(b) Other current liabilities	20	3.13	13.89
		<b>14,063.22</b>	<b>7,888.06</b>
<b>Total Equity and Liabilities</b>		<b>44,006.27</b>	<b>44,083.19</b>

See accompanying notes to financial statements

As per our report of even date

For **Jawahar and Associates,**

Chartered Accountants

Firm Registration No: 001281S

for and on behalf of the Board

Sd/-

**M. Chandramouleswara Rao**

Partner

Membership No: 024608

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. Bapi Raju**

Director

DIN - 00940849

Sd/-

**Ranjith Kumara Shetty**

Company Secretary

Place: Hyderabad

Date: 14 June 2018

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

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

	Note	Year ended	
		31-Mar-18	31-Mar-17
<b>I</b> Revenue from operations	21	24.93	198.49
<b>II</b> Other income	22	139.79	377.27
<b>III Total revenue (I+II)</b>		<b>164.72</b>	<b>575.76</b>
<b>IV Expenses</b>			
Employee benefits expense	23	49.50	50.97
Finance costs	24	1,380.60	1,333.89
Other expenses	25	605.10	61.82
Depreciation and amortisation expense	5 and 6	2.17	4.09
<b>Total expenses</b>		<b>2,037.37</b>	<b>1,450.77</b>
<b>V Profit /(loss) before exceptional items and tax (III-IV)</b>		<b>(1,872.65)</b>	<b>(875.01)</b>
VI Exceptional items	37	(1,888.84)	-
<b>VII Profit / (loss) before tax (V+VI)</b>		<b>(3,761.49)</b>	<b>(875.01)</b>
<b>VIII Tax expense / (Income)</b>			
Deferred tax	11	73.83	-
<b>Total tax expense / (Income)</b>		<b>73.83</b>	<b>-</b>
<b>IX Profit / (loss) for the year (VII-VIII)</b>		<b>(3,835.32)</b>	<b>(875.01)</b>
<b>X Other Comprehensive Income</b>			
(a) (i) Items that will not be reclassified to profit or loss	26	(1.32)	0.06
<b>Other Comprehensive Income for the year</b>		<b>(1.32)</b>	<b>0.06</b>
<b>XI Total Comprehensive Income / (loss) for the year (IX+X)</b>		<b>(3,836.64)</b>	<b>(874.95)</b>
<b>XII Earnings / (loss) per share (EPS)</b>			
Basic and Diluted- face value Rs.10 per share	28	(9.05)	(2.06)

See accompanying notes to financial statements

As per our report of even date  
For **Jawahar and Associates**,  
Chartered Accountants  
Firm Registration No: 001281S

for and on behalf of the Board

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

Sd/-  
**S. Kishore**  
Whole-time Director  
DIN - 00006627

Sd/-  
**K. Bapi Raju**  
Director  
DIN - 00940849

Sd/-  
**Ranjith Kumara Shetty**  
Company Secretary

Place: Hyderabad  
Date: 14 June 2018

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

<b>A Equity Share Capital</b>		<b>No. of Shares</b>	<b>Amount</b>	
<b>Particulars</b>				
<b>Balance as at 1 April 2016</b>		<b>423,985,774</b>	<b>4,239.86</b>	
Changes in equity share capital during the year :				
<b>Balance as at 31 March 2017</b>		<b>423,985,774</b>	<b>4,239.86</b>	
Balance as at 1 April 2017				
<b>Balance as at 31 March 2018</b>		<b>423,985,774</b>	<b>4,239.86</b>	
<b>B Other equity</b>				
	<b>Reserves and Surplus</b>			<b>Total</b>
	<b>Securities Premium Reserve</b>	<b>Capital Reserve</b>	<b>Capital Redemption reserve</b>	
<b>Balance as at 1 April 2016</b>	23,222.32	-	1,000.00	1,876.51
Profit / (loss) for the year	-	-	-	(875.01)
<b>Other Comprehensive Income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gain / (loss)	-	-	0.06	0.06
<b>Total comprehensive income</b>	-	-	-	(875.01)
Forfeiture of share warrants	-	1,728.96	-	(1,728.96)
<b>Transaction with owner</b>	-	1,728.96	-	(1,728.96)
<b>Balance as at 31 March 2017</b>	<b>23,222.32</b>	<b>1,728.96</b>	<b>1,000.00</b>	<b>1,001.50</b>
<b>Balance as at 31 March 2018</b>	<b>23,222.32</b>	<b>1,728.96</b>	<b>1,000.00</b>	<b>1,001.50</b>
				<b>26,954.37</b>

Continued...

# Statement of Changes in Equity for the year ended 31 March 2018

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

	Reserves and Surplus				Items of OCI- Actuarial gains / (losses)	Money received against share warrants	Total
	Securities Premium Reserve	Capital Reserve	Capital Redemption reserve	Retained Earnings			
<b>Balance as at 1 April 2017</b>	23,222.32	1,728.96	1,000.00	1,001.50	1.59	-	26,954.37
Profit / (loss) for the year	-	-	-	(3,835.32)	-	-	(3,835.32)
<b>Other Comprehensive Income</b>							
<b>Items that will not be reclassified to profit or loss</b>							
Actuarial gain / (loss)	-	-	-	-	(1.32)	-	(1.32)
<b>Total comprehensive income</b>	-	-	-	(3,835.32)	(1.32)	-	(3,836.64)
<b>Balance as at 31 March 2018</b>	23,222.32	1,728.96	1,000.00	(2,833.82)	0.27	-	23,117.73

See accompanying notes to the financial statements

As per our report of even date  
For **Jawahar and Associates,**  
Chartered Accountants  
Firm Registration No: 001281S

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

for and on behalf of the Board

Sd/-  
**S. Kishore**  
Whole-time Director  
DIN - 00006627

Sd/-  
**K. Bapi Raju**  
Director  
DIN - 00940849

Sd/-  
**Ranjith Kumara Shetty**  
Company Secretary

Place: Hyderabad  
Date: 14 June 2018

# Cash Flow Statement for the year ended 31 March 2018

Financial Statements

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

Particulars	31-Mar-18	31-Mar-17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit /(loss) before tax	(3,761.49)	(875.01)
<b>Adjustment for</b>		
Depreciation and amortisation expense	2.17	4.09
Finance costs	1,380.59	1,333.89
Interest income	(128.50)	(350.70)
Baddebt written off / Provision for doubtful debts	473.83	18.75
(Profit)/Loss on sale of assets, net	-	(13.24)
(Profit)/Loss on sale of investments, net	98.28	-
Impairment of investment, property, plant & equipment and others	1,888.84	-
Others, net	(1.32)	0.06
<b>Operating profit before working capital changes</b>	<b>(47.60)</b>	<b>117.84</b>
<b>Adjustment for working capital</b>		
Trade receivables	(24.66)	620.70
Financial assets	0.69	14.65
Other assets	(606.95)	(1.92)
Trade payables	712.35	498.84
Other liabilities and provisions	(173.12)	(61.56)
<b>Cash generated from / (used in ) operations</b>	<b>(139.29)</b>	<b>1,188.55</b>
Income taxes (paid) / Refund	52.46	51.93
<b>Net cash provided by operating activities</b>	<b>(86.83)</b>	<b>1,240.48</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital work-in-progress and capital advance	(0.89)	(0.07)
Sale of fixed assets	9.12	10.00
Advance received/ (refund) against issue of financial instruments	(246.90)	695.00
Inter corporate deposit (given) / refund, net	(2,063.07)	(1,448.93)
Sale of non current investments	79.60	145.05
Purchase of non current investments	-	(625.39)
(Investment)/redemption of bank deposit (held as margin money or security against guarantees or borrowings)	63.28	(17.57)
Interest received	47.76	220.64
<b>Net cash (used in) investing activities</b>	<b>(2,111.10)</b>	<b>(1,021.27)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term borrowings	(50.00)	-
Proceed/(repayment) of short term borrowings, net	2,614.08	292.89
Payment of finance costs	(377.85)	(541.69)
<b>Net cash from/(used in) financing activities</b>	<b>2,186.23</b>	<b>(248.80)</b>

Continued...

# Cash Flow Statement for the year ended 31 March 2018

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

Particulars	31-Mar-18	31-Mar-17
Net increase / (decrease) in cash and cash equivalents	(11.70)	(29.59)
Cash and cash equivalents at the beginning of the year	24.25	53.84
<b>Cash and cash equivalents at the end of the year (Refer note. 13)</b>	<b>12.55</b>	<b>24.25</b>

## 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	Non Cash adjustment	Unammortised processing charges	
Long term borrowings	5,678.24	(50.00)	-	(99.43)	3.50	5,532.31
Shortterm borrowings	2,153.49	2,614.08	-	448.10	-	5,215.67
Interest accrued	1,132.89	(377.85)	1,380.59	-	(3.50)	2,132.13

See accompanying notes to financial statements

As per our report of even date

For **Jawahar and Associates,**

Chartered Accountants

Firm Registration No: 001281S

for and on behalf of the Board

Sd/-

**M. Chandramouleswara Rao**

Partner

Membership No: 024608

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. Bapi Raju**

Director

DIN - 00940849

Sd/-

**Ranjith Kumara Shetty**

Company Secretary

Place: Hyderabad

Date: 14 June 2018

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

## 1 Corporate information

### 1.1 General information

KSK Energy Ventures 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 Jubilee Hills, Hyderabad – 500 033, Telangana.

### 1.2 Nature of operations

KSK Energy Ventures Limited is primarily engaged in the development of private sector power projects

## 2 Basis of Preparation

### 2.1 Statement of Compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended 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 14 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. All amounts have been rounded-off to the nearest million, unless otherwise stated.

### 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.

### 2.4 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 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 do not have any material impact on the Company.

# Notes to financial statements

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

## 2.5 Standards and interpretations not yet applied

At the date of authorisation of these Consolidated financial statements, the following Standards and relevant Interpretations, which have not been applied in these Consolidated 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 has yet to assess the impact of above standards on the Consolidated financial statements. However the management does not intend to apply any of these pronouncements early.

## 2.6 Going Concern

The Company has incurred net loss during the current year as well in the previous years with resultant defaults in payment of interest and instalment dues to banks and financial institutions. Further as discussed at notes 35 and 36 to the financial statements, the underlying power generation assets also continue to face significant headwinds with resultant losses and defaulted in payment of interest and instalments dues to banks and financial institutions, along with the wider energy sector projects across India, thereby materially affecting the downstream investments and recoveries thereto. However, the company has been making appropriate representation and is in discussion with the respective lenders to find an appropriate resolution plan at each of the assets. The company continues to prepare the financial statements as going-concern.

## 3 Significant accounting policies

### 3.1 Property, plant and equipment

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

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 consistent with 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	5-10
Electrical Works	1-10
Furniture & fixtures	1-10
Vehicles	8-10
Office equipment & computers	3-6

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

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

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

### 3.2 Intangible assets

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

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

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

Nature of asset	Useful life (years)
Software	3

### 3.3 Non-current assets held-for-sale

Non-current assets and disposal groups classified as held-for-sale are measured at lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuous use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management is committed to the sale, which should be expected to qualify for recognition as a completed sale generally within one year from the date of classification.

Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal group, are re-measured in accordance with the Company's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### 3.4 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.

# Notes to financial statements

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

## 3.5 Financial assets

### *Initial recognition & Measurement*

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

### *Subsequent measurement*

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

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

### *Debt instruments at amortised cost*

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

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

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

### *Debt instrument at FVTOCI*

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

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

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

### *Debt instrument at FVTPL*

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

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

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

#### *Equity investments*

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

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

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

#### *Derecognition*

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

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

#### *Impairment of financial asset*

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

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

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

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

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

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that

# Notes to financial statements

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

## 3.6 Financial liabilities

### *Initial recognition*

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

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

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

### *Subsequent measurement*

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

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such 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 EIR.

#### *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 P&L.

## 3.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or

estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the financial asset or settle the financial liability takes place either:

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

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

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

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

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

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

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

### 3.8 Foreign currency translation

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

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).

### 3.9 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.



# Notes to financial statements

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

*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.

*Rendering of services*: The Company provides project development and corporate support. Revenue from rendering of services is recognised in statement of profit and loss in the period in which the services are rendered by reference to the stage of completion of the transaction at the reporting date. The stage of completion is assessed on the basis of the actual services provided as a proportion of the total service to be provided.

*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.

## 3.10 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.

### 3.11 Leases

*Company as a lessee*

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

### 3.12 Borrowing costs

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

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

### 3.13 Impairment of non-financial assets

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

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

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

### 3.14 Cash and short-term deposits

Cash and short-term deposits in the Balance Sheet comprise cash at banks and on hand and short-term deposits.

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

# Notes to financial statements

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

## 3.15 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.

## 3.16 Provisions

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

## 3.17 Employee benefits

### *Gratuity*

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

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

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

### *Provident fund*

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

### *Employees State Insurance Scheme*

In addition, 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.
- *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.

# Notes to financial statements

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

- 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 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.

## 5 Property, plant and equipment

	Land-Freehold	Buildings	Furniture fixtures	Electrical works	Vehicles	Office equipment & Computers	Total	Capital work in progress
<b>Gross carrying amount</b>								
As at 1 April 2016	14.73	0.65	3.34	0.76	1.18	7.13	27.79	74.16
Additions	-	-	-	-	-	0.07	0.07	-
Disposals/transfers	-	-	-	-	-	-	-	(0.01)
<b>As at 31 March 2017</b>	<b>14.73</b>	<b>0.65</b>	<b>3.34</b>	<b>0.76</b>	<b>1.18</b>	<b>7.20</b>	<b>27.86</b>	<b>74.15</b>
As at 1 April 2017	14.73	0.65	3.34	0.76	1.18	7.20	27.86	74.15
Additions	-	-	0.52	-	-	0.37	0.89	0.00
Disposals/transfers	(9.12)	-	-	-	-	-	(9.12)	-
<b>As at 31 March 2018</b>	<b>5.61</b>	<b>0.65</b>	<b>3.86</b>	<b>0.76</b>	<b>1.18</b>	<b>7.57</b>	<b>19.63</b>	<b>74.15</b>
<b>Depreciation</b>								
As at 1 April 2016	-	0.48	1.45	0.29	0.29	4.03	6.54	-
Additions	-	0.16	1.41	0.16	0.28	1.92	3.93	-
Disposals/transfers	-	-	-	-	-	-	-	-
<b>As at 31 March 2017</b>	<b>-</b>	<b>0.64</b>	<b>2.86</b>	<b>0.45</b>	<b>0.57</b>	<b>5.95</b>	<b>10.47</b>	<b>-</b>
As at 1 April 2017	-	0.64	2.86	0.45	0.57	5.95	10.47	-
Additions	-	0.01	0.66	0.14	0.21	1.15	2.17	-
Less: Impairment of property plant and equipment	-	-	-	-	-	-	-	74.15
Disposals/transfers	-	-	-	-	-	-	-	-
<b>As at 31 March 2018</b>	<b>-</b>	<b>0.65</b>	<b>3.52</b>	<b>0.59</b>	<b>0.78</b>	<b>7.10</b>	<b>12.64</b>	<b>74.15</b>

	Land-Freehold	Buildings	Furniture fixtures	Electrical works	Vehicles	Office equipment & Computers	Total	Capital work in progress
<b>Net book value</b>								
As at 31 March 2017	14.73	0.01	0.48	0.31	0.61	1.25	17.39	74.15
As at 31 March 2018	5.61	-	0.34	0.17	0.40	0.47	6.99	-

- (i) Property, plant and equipment with a carrying amount of Rs. 6.99 (31 March 2017: 91.54) is subject to security restrictions (refer note 16)

## 6 Intangible assets

	Computer software	Total
<b>Gross carrying amount</b>		
As at 1 April 2016	0.79	0.79
Additions	-	-
<b>As at 31 March 2017</b>	<b>0.79</b>	<b>0.79</b>
As at 1 April 2017	0.79	0.79
Additions	-	-
<b>As at 31 March 2018</b>	<b>0.79</b>	<b>0.79</b>
<b>Depreication</b>		
As at 1 April 2016	0.63	0.63
Additions	0.16	0.16
<b>As at 31 March 2017</b>	<b>0.79</b>	<b>0.79</b>
As at 1 April 2017	0.79	0.79
Additions	-	-
<b>As at 31 March 2018</b>	<b>0.79</b>	<b>0.79</b>
<b>Net book value</b>		
As at 31 March 2017	-	-
As at 31 March 2018	-	-

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# Notes to financial statements

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

## 7 Investments

	As at	
	31 March 2018	31 March 2017
<b>Non current investments</b>		
<b>Investments in equity instruments</b>		
<b>Fair value through other comprehensive income</b>		
<i>(unquoted, fully paid up)</i>		
3,636,363 (31 March 2017: 3,636,363) Equity shares in Terra Energy Limited.	160.00	160.00
<b>Investments in equity instruments</b>		
<i>(unquoted, fully paid up)</i>		
<b>Investment in subsidiary, at cost</b>		
10,500 (31 March 2017: 10,500;) Equity shares in KSK Narmada Power Company Private Limited.	0.11	0.11
499,990 (31 March 2017: 499,990) Equity shares in KSK Wind Energy Private Limited	5.00	5.00
570,115,305 (31 March 2017: 570,115,305) Equity shares in KSK Electricity Financing India Private Limited.	7,527.58	7,527.58
150,000 (31 March 2017: 150,000) Equity shares in KSK Wardha Infrastructure Private Limited .	1.50	1.50
10,500 (31 March 2017: 10,500) Equity shares in KSK Vidarbha Power Company Private Limited.	0.11	0.11
65,180,000 (31 March 2017: 65,180,000) Equity shares in KSK Dibbin Hydro Power Private Limited.	651.80	651.80
50,000 (31 March 2017: 50,000) Equity shares in Kameng Dam Hydro Power Limited.	0.50	0.50
7,660,330 (31 March 2017: 7,660,330) Equity shares in JR Power Gen Private Limited.	76.60	76.60
Nil (31 March 2017: 2,779,212,938) Equity shares in KSK Mahanadi Power Company Limited.	-	27,792.13
Nil (31 March 2017: 26,947,602) Class A Equity shares in Sai Wardha Power Generation Limited.	-	459.03
50,000 (31 March 2017: 50,000) Equity shares in KSK Upper Subansiri Hydro Energy Limited.	0.50	0.50
1,000,000 (31 March 2017: 1,000,000) Equity shares in KSK Dinchang Power Company Private Limited.	10.00	10.00
1,000,000 (31 March 2017: 1,000,000) Equity shares in KSK Jameri Hydro Power Private Limited.	10.00	10.00
34,544,718 (31 March 2017: 34,544,718) Equity shares in KSK Surya Photovoltaic Venture Limited.	345.45	345.45
1,800,000 (31 March 2017: 1,800,000) Equity shares in KSK Wind Power Aminabhavi Chikodi Private Limited	180.00	180.00
1,059,280 (31 March 2017: 1,059,280) Equity shares in Tila Karnali Hydro Electric Company Private Limited.	66.21	66.21



	As at	
	31 March 2018	31 March 2017
98,077 (31 March 2017: 98,077) Equity shares in Bheri Hydro Power Company Private Limited.	6.13	6.13
<b>Investments in equity instruments</b> (unquoted, fully paid up )		
<b>Investment in associates, at cost</b>		
17,572,061 (31 March 2017: Nil) Class A Equity shares in Sai Wardha Power Generation Limited.	266.99	-
411,218,783 (31 March 2017: Nil) Equity shares in KSK Mahanadi Power Company Limited.	4,112.19	-
<b>Investments in equity instruments</b> (unquoted, fully paid up )		
<b>Investment in subsidiary - equity portion of hybrid instrument</b>		
KSK Wind Energy Private Limited.	125.77	125.77
Sai Regency Power Corporation Private Limited.	206.46	206.46
Sai Wardha Power Generation Limited.	-	99.91
JR Power Gen Private Limited.	51.88	51.88
KSK Dibbin Hydro Power Private Limited.	11.31	11.31
<b>Investments in equity instruments</b> (unquoted, fully paid up )		
<b>Investment in associates - equity portion of hybrid instrument</b>		
Sai Wardha Power Generation Limited.	99.91	-
<b>Investments in preference shares</b> (unquoted, fully paid up )		
<b>Investment in subsidiary, at amortised cost</b>		
4,410,000 (31 March 2017: 4,410,000) 16% optionally convertible cumulative redeemable preference shares in KSK Wind Energy Private Limited.	30.84	26.58
4,760,000 (31 March 2017: 4,760,000) 6% convertible preference shares in Sai Regency Power Corporation Private Limited.	47.97	41.71
882,820 (31 March 2017: 882,820) 12% cumulative redeemable preference shares in Tila Karnali Hydro Electric Company Private Limited	55.18	55.18
Nil (31 March 2017: 14,850,769) 0.01% Class B cumulative redeemable preference in Sai Wardha Power Generation Limited.	-	64.27
Nil (31 March 2017: 17,107,223) 0.01% Class A redeemable preference shares in Sai Wardha Power Generation Limited.	-	171.07
Nil (31 March 2017: 129,000,000) 15% Cumulative redeemable preference shares in Sai Wardha Power Generation Limited.	-	1,290.00

# Notes to financial statements

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

	As at	
	31 March 2018	31 March 2017
<b>Investments in preference shares</b>		
<i>(unquoted, fully paid up )</i>		
<b>Investment in associates, at amortised cost</b>		
14,850,769 (31 March 2017: Nil) 0.01% Class B cumulative redeemable preference in Sai Wardha Power Generation Limited.	73.91	-
18,522,399 (31 March 2017: Nil) 0.01% Class A redeemable preference shares in Sai Wardha Power Generation Limited.	185.22	-
129,000,000 (31 March 2017: Nil) 15% Cumulative redeemable preference shares in Sai Wardha Power Generation Limited.	1,290.00	-
<b>Investments in Debentures</b>		
<i>(unquoted, fully paid up )</i>		
<b>Investment in subsidiary, at amortised cost</b>		
7,350,000 (31 March 2017: 7,350,000) 0.01% Optionally convertible redeemable debentures in JR Power Gen Private Limited.	32.88	28.59
1,540,000 (31 March 2017: 1,540,000) 0.01% Optionally convertible redeemable debentures in KSK Dibbin Hydro Power Private Limited.	6.21	5.40
<b>Investments in Warrants</b>		
<i>(unquoted, partly paid up )</i>		
<b>Investment in subsidiary, at cost</b>		
123,000,000 (31 March 2017: 123,000,000) Warrants of Rs 10 each, partly paid up in KSK Surya Photovoltaic Venture Limited.	615.00	615.00
Less: Impairment of investments	(1,697.29)	-
	<b>14,555.92</b>	<b>40,085.78</b>
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	16,253.21	40,085.78
Aggregate amount of impairment in the value of investments	1,697.29	-

## 8 Trade receivables

	As at	
	31 March 2018	31 March 2017
<b>Non-current</b>		
Unsecured, considered good	-	99.43
	-	<b>99.43</b>
<b>Current</b>		
Unsecured, considered good	334.18	309.52
	<b>334.18</b>	<b>309.52</b>
	<b>334.18</b>	<b>408.95</b>

Trade receivable of Rs. 334.18 (31 March 2017: 408.95) for the Company have been pledged as security for borrowings (refer note 16)

## 9 Loans

	As at	
	31 March 2018	31 March 2017
<b>Non-current</b>		
<i>Unsecured, considered good</i>		
Security deposits	4.43	5.13
Advance for investments	81.69	81.69
Less: Impairment of advance for investment	(2.08)	-
Loans and advances	1,070.93	644.54
	<b>1,154.97</b>	<b>731.36</b>
<b>Current</b>		
<i>Unsecured, considered good</i>		
Loans and advances	3,081.68	1,383.31
Less: Impairment of loans and advances	(18.59)	-
<i>Unsecured, considered doubtful</i>		
Loans and advances	112.99	112.99
Less: Provision for doubtful advances	(112.99)	(75.49)
	<b>3,063.09</b>	<b>1,420.81</b>
	<b>4,218.06</b>	<b>2,152.17</b>

## 10 Other financial assets

	As at	
	31 March 2018	31 March 2017
<b>Non-current</b>		
<i>Unsecured, considered good</i>		
Deposits with bank	4.73	1.38
Interest accrued	22.23	410.08
Less: Impairment of interest accrued	(21.98)	-
	<b>4.98</b>	<b>411.46</b>
<b>Current</b>		
<i>Unsecured, considered good</i>		
Interest accrued	91.33	84.33
Less: Impairment of interest accrued	(0.02)	-
Other receivables	23,759.46	141.19
Less: Impairment of other receivables	(50.26)	-
	<b>23,800.51</b>	<b>225.52</b>
	<b>23,805.49</b>	<b>636.98</b>

The Company has pledged its deposit with banks amounting to Rs. 4.73 (31 March 2017: 1.38) in order to fulfill collateral requirements.

# Notes to financial statements

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

## 11 Deferred tax (liability) / assets

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

	1 April 2017	Recognised in the income statement	Recognised in OCI	31 March 2018
<i>Deferred income tax assets</i>				
Property, plant and equipment	5.78	(5.78)	-	-
Unused tax losses carried forward	75.54	(75.54)	-	-
	<b>81.32</b>	<b>(81.32)</b>	-	-
<i>Deferred income tax liabilities</i>				
Others	7.49	(7.49)	-	-
	<b>7.49</b>	<b>(7.49)</b>	-	-
<i>Deferred income tax assets, net</i>	<b>73.83</b>	<b>(73.83)</b>	-	-

	1 April 2016	Recognised in the income statement	Recognised in OCI	31 March 2017
<i>Deferred income tax assets</i>				
Property, plant and equipment	5.78	-	-	5.78
Unused tax losses carried forward	75.54	-	-	75.54
	<b>81.32</b>	-	-	<b>81.32</b>
<i>Deferred income tax liabilities</i>				
Others	7.49	-	-	7.49
	<b>7.49</b>	-	-	<b>7.49</b>
<i>Deferred income tax assets, net</i>	<b>73.83</b>	-	-	<b>73.83</b>

The Company has tax losses of Rs. 2,678.99 (31 March 2017: Rs. 1,220.85) that are available for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits. The Company evaluated and concluded that it is not probable that deferred tax assets on existing tax losses will be recovered fully. If the Company were able to recognise all unrecognised deferred tax assets, loss would decrease by Rs. 919.73 (31 March 2017: Rs. 422.51). Of the above, business losses expire at various dates ranging from 2019 to 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:

	As at	
	31 March 2018	31 March 2017
Accounting Profit Before tax	(3,761.49)	(875.01)
Enacted tax rate	34.608%	34.608%
Tax on Profit at enacted rates	(1,301.78)	(302.82)
Unrecognised deferred tax assets	422.34	296.87

	As at	
	31 March 2018	31 March 2017
Expenditure / income not deductible for tax purpose	879.77	5.84
Non recognition of DT on depreciation	(0.33)	0.11
Reversal of previous years DT	73.83	-
<b>Actual tax expenses</b>	<b>73.83</b>	<b>-</b>

## 12 Other assets

	As at	
	31 March 2018	31 March 2017
<b>Non-current</b>		
Capital advances	20.50	20.50
Less: Impairment of capital advance	(20.50)	-
Advance tax	105.00	212.12
Balances with statutory authorities	26.88	26.88
	<b>131.88</b>	<b>259.50</b>
<b>Current</b>		
Prepaid expenses	0.94	6.53
Advances for goods and services	647.28	38.44
Less: Impairment of advances for goods and services	(3.98)	-
Balances with statutory authorities	5.23	1.53
	<b>649.47</b>	<b>46.50</b>
	<b>781.35</b>	<b>306.00</b>

## 13 Cash and cash equivalents

	As at	
	31 March 2018	31 March 2017
Cash on hand	0.09	0.67
Balances with banks		
On current accounts	12.46	23.58
	<b>12.55</b>	<b>24.25</b>

## 14 Other bank balances

	As at	
	31 March 2018	31 March 2017
Deposits with bank held as margin money or security against guarantee or borrowings	236.87	303.49
	<b>236.87</b>	<b>303.49</b>

# Notes to financial statements

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

## 15 Share capital

	As at	
	31 March 2018	31 March 2017
<b>Authorised</b>		
4,000,000,000 (31 March 2017: 4,000,000,000) equity shares of Rs.10/- each.	40,000.00	40,000.00
1,031,500,000 (31 March 2017: 1,031,500,000) preference shares of Rs.10/- each.	10,315.00	10,315.00
	<b>50,315.00</b>	<b>50,315.00</b>
<b>Issued, subscribed and paid up</b>		
<b>Equity shares</b>		
423,985,774 (31 March 2017: 423,985,774) equity shares of Rs.10/- each fully paid up.	4,239.86	4,239.86
	<b>4,239.86</b>	<b>4,239.86</b>

### Note:

- a The company has only one class of equity shares having a par value of Rs 10/- per share. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of the shareholders.

b Reconciliation of number of shares outstanding	As at	
	31 March 2018	31 March 2017
<b>Equity shares</b>		
<i>Outstanding at the beginning of the year</i>	423,985,774	423,985,774
Issued / Bought back during year	-	-
<i>Outstanding at the end of the year</i>	423,985,774	423,985,774

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

Name of the share holder	As at	
	31 March 2018	31 March 2017
Holding Company		
No of shares held	111,545,854	157,191,147
% of shares held	26.31%	37.07%
Subsidiaries of Holding Company		
No of shares held	38,916,229	87,992,881
% of shares held	9.19%	20.76%

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

Name of the share holder	As at	
	31 March 2018	31 March 2017
Equity shares fully paid - up		
KSK Energy Limited		
No of shares held	111,545,854	157,191,147
% of shares held	26.31%	37.07%
KSK Energy Company Private Limited		
No of shares held	19,299,310	68,375,962
% of shares held	4.55%	16.13%
HDFC Trustee Company Limited		
No of shares held	38,135,599	38,145,028
% of shares held	8.99%	9.00%

**16 Borrowings**

	As at	
	31 March 2018	31 March 2017
<b>Non current</b>		
<i>Unsecured</i>		
Rupee term loans from others (refer note 1 & 2)	2,585.34	4,581.83
Deferred payment liabilities	-	99.43
	<b>2,585.34</b>	<b>4,681.26</b>
<b>Current</b>		
<i>Secured</i>		
Loans repayable on demand		
- from banks (refer note 3)	3,638.03	1,216.20
Loan against letter of credits	-	369.52
<i>Unsecured</i>		
Loan against deposits	52.50	-
Loans and advances	1,525.14	567.77
	<b>5,215.67</b>	<b>2,153.49</b>
	<b>7,801.01</b>	<b>6,834.75</b>

- The above rupee term loans from others are secured by first pari-passu charge by way of mortgage/hypothecation of all movable and immovable properties of Sai Lilagarh Power Generation Limited and KSK Surya photovoltaic Venture Limited, Mortgage of 95.48 HA land of VS Lignite Power Private Limited. Further these loans are secured by pledge of certain equity shares of the Company held by KSK Energy Limited, the holding company and corporate guarantee given by KSK Energy Limited and VS Lignite Power Private Limited, hence the same has been classified as unsecured.
- The long term rupee term loans are repayable in quarterly instalments with the last instalment of respective loans are payable up to November 2024. The long term borrowings carries an weightage average rate of interest of 16.26 % p.a.
- Loans repayable on demand are secured by first pari-passu charge on fixed assets, current assets of the Company and corporate guarantee of KSK Power Ventur plc.

# Notes to financial statements

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

- 4 Some of the lenders have recalled the loan given to the Company and has issued notice for possession of underlying securities on account of non-payment of overdue amount. The Company would seek to take appropriate steps, for addressing the same. Notwithstanding of above, pending resolution, classification of borrowings into Non current and current is done based on original terms of sanctions.

## 17 Provisions

	As at	
	31 March 2018	31 March 2017
<b>Long-term provisions</b>		
Employee benefits	0.12	-
	<b>0.12</b>	<b>-</b>

### Note:

1. 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.

### A. Net Benefit liability/(asset)

	As at	
	31 March 2018	31 March 2017
Defined benefit obligation	8.89	4.52
Fair value of plan assets	(8.77)	(9.38)
<b>Benefit liability/(asset)</b>	<b>0.12</b>	<b>(4.86)</b>

### B. Defined benefit obligation:

	As at	
	31 March 2018	31 March 2017
<b>Defined benefit obligation as at the beginning of the year</b>	<b>4.52</b>	<b>4.25</b>
<b>Included in income statement</b>		
Current service cost	0.09	0.08
Past Service Cost - vested benefits	3.90	-
Interest cost	0.33	0.33
	<b>4.32</b>	<b>0.41</b>
<b>Included in other comprehensive income</b>		
<b>Remeasurement loss / (gain)</b>		
Actuarial losses/(gains) on obligation	1.18	(0.02)
	<b>1.18</b>	<b>(0.02)</b>
<b>Others</b>		
Benefits paid	(1.13)	(0.12)
	(1.13)	(0.12)
<b>Defined benefit obligation as at the end of the year</b>	<b>8.89</b>	<b>4.52</b>



## C. Fair value of Plan Assets

	As at	
	31 March 2018	31 March 2017
<b>Fair Value of Plan Assets</b>		
<b>Fair value of plan assets beginning of the year</b>	<b>9.38</b>	<b>8.81</b>
<b>Included in income statement</b>		
Interest income	0.70	0.69
	0.70	0.69
<b>Included in other comprehensive income</b>		
<b>Remeasurement loss / (gain)</b>		
Return on plan asset (excluding amounts included in net interest expense)	(0.14)	0.04
	<b>(0.14)</b>	<b>0.04</b>
<b>Others</b>		
Contributions	(0.04)	(0.04)
Benefits Paid	(1.13)	(0.12)
	(1.17)	(0.16)
<b>Fair value of plan assets end of the year</b>	<b>8.77</b>	<b>9.38</b>

## Net defined benefit liability (asset)

	As at	
	31 March 2018	31 March 2017
<b>Balance</b>	<b>(4.86)</b>	<b>(4.56)</b>
<b>Included in income statement</b>		
Current service cost	0.09	0.08
Past Service Cost - vested benefits	3.90	-
Interest cost / (income)	(0.37)	(0.36)
	3.62	(0.28)
<b>Included in other comprehensive income</b>		
<b>Remeasurement loss / (gain)</b>		
Actuarial losses/(gains) on obligation	1.32	(0.06)
	1.32	(0.06)
<b>Others</b>		
Contributions	0.04	0.04
Benefits paid	-	-
	0.04	0.04
<b>Defined benefit obligation as at the end of the year</b>	<b>0.12</b>	<b>(4.86)</b>

# Notes to financial statements

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

## Asset information

Category of asset	As at	
	31 March 2018	31 March 2017
Insurer managed fund	100%	100%

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

	As at	
	31 March 2018	31 March 2017
Discount rate	7.80%	7.45%
Salary escalation	10.00%	10.00%

## Sensitivity analysis

	31 March 2018		31 March 2017	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1% movement)	0.54	(0.48)	0.33	(0.29)
Salary Growth Rate (- / + 1% movement)	(0.11)	0.12	(0.07)	0.08

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

## 18 Trade payables

	As at	
	31 March 2018	31 March 2017
Dues to other than micro and small enterprises	2,044.83	1,332.48
	<b>2,044.83</b>	<b>1,332.48</b>

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

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

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**19 Other financial liabilities**

	As at	
	31 March 2018	31 March 2017
<b>Non current</b>		
Interest accrued	-	319.64
	<b>-</b>	<b>319.64</b>
<b>Current</b>		
Current maturities of long-term debt	2,946.97	996.99
Interest accrued	2,132.14	813.25
Salaries and bonus payable	14.39	12.17
Advance received against issue of financial instruments	-	695.00
Other liabilities	1,706.09	1,870.79
	<b>6,799.59</b>	<b>4,388.20</b>
	<b>6,799.59</b>	<b>4,707.84</b>

**20 Other current liabilities**

	As at	
	31 March 2018	31 March 2017
Statutory liabilities	3.13	13.89
	<b>3.13</b>	<b>13.89</b>

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# Notes to financial statements

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

## 21 Revenue from operations

	Year ended	
	31 March 2018	31 March 2017
Corporate support services fees	24.93	198.49
	<b>24.93</b>	<b>198.49</b>

## 22 Other income

	Year ended	
	31 March 2018	31 March 2017
Interest on financial instruments	17.98	124.01
Interest income on preference shares	48.24	199.99
Other Interest	37.03	4.78
Unwinding of discount on preference shares	20.15	17.49
Unwinding of discount on debentures	5.10	4.43
Unwinding of discount on trade receivable	11.24	12.97
Profit on sale of fixed assets, net	-	13.24
Miscellaneous income	0.05	0.36
	<b>139.79</b>	<b>377.27</b>

## 23 Employee benefits expense

	Year ended	
	31 March 2018	31 March 2017
Salaries and wages and bonus	44.30	47.62
Contribution to provident and other funds (refer note 17)	4.00	0.35
Staff welfare expenses	1.20	3.00
	<b>49.50</b>	<b>50.97</b>

## 24 Finance cost

	Year ended	
	31 March 2018	31 March 2017
Interest expense	1,333.18	1,273.24
Other borrowing cost	36.18	47.68
Unwinding of discount	11.24	12.97
	<b>1,380.60</b>	<b>1,333.89</b>

## 25 Other expenses

	Year ended	
	31 March 2018	31 March 2017
Rent	5.78	8.65
Rates and taxes	0.58	0.67
Printing and stationery	1.70	1.58
Communication expenses	2.78	2.78
Office expenses	3.97	4.47
Travel and conveyance	1.46	1.43
Insurance charges	0.05	0.11
Depository expenses	0.00	0.42
Legal and professional charges	3.20	3.29
Auditors' remuneration		
for audit fees	2.08	2.26
for certification	0.02	0.05
for tax related expenses	0.10	-
Repair and maintenance	6.99	4.11
Electricity expenses	2.11	2.16
Directors sitting fees	0.42	0.43
Advances/receivable written off	436.33	-
Provision for doubtful debts / receivables	37.50	18.75
Foreign exchange fluctuations	-	1.45
Loss on sale of non current investment	98.28	-
Corporate social responsibility	-	6.80
Miscellaneous expenses	1.75	2.41
	<b>605.10</b>	<b>61.82</b>

## 26 Other comprehensive income

	Year ended	
	31 March 2018	31 March 2017
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans;	(1.32)	0.06
	<b>(1.32)</b>	<b>0.06</b>

## 27 Contingent liabilities:

	As at	
	31 March 2018	31 March 2017
i) Bank guarantees and letter of credits outstanding	1,095.03	2,546.17
ii) Corporate guarantees outstanding	56,579.54	44,280.42

# Notes to financial statements

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

- iii) Claims against the Company not acknowledged on debt Rs. 1,227.76 (31 March 2017: Rs. Nil)
- iv) Service tax department has issued demand order to the Company for payment of service tax amounting to Rs 505.64 (31 March 2017: Rs. 505.64) (including penalty) relating to the disagreement on availment of Cenvat Credit for the period April 2008 to September 2010 and non-payment of service tax. Further, an amount of Rs. 26.88 (31 March 2017: Rs.26.88) has been paid against the demand under protest and the balance demand is stayed. However, the Company believes that the claims raised by the department are not tenable and the Company has filed an appeal against the said order before the CESTAT.

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

The Computation of EPS as per Ind AS 33 is set out below:

	Year ended	
	31 March 2018	31 March 2017
Net profit/(loss) after tax	(3,836.64)	(874.95)
Net profit/(loss) attributable to shareholders for basic/diluted EPS	(3,836.64)	(874.95)
Weighted average number of shares outstanding for the purpose of calculation of basic and diluted EPS (in million)	423.99	423.99
Earnings/(loss) per share – basic/diluted (in Rs.)	(9.05)	(2.06)

## 29 Related party Disclosures:

- a) Parties where control exists

Name of the party	Relationship
K&S Consulting Group Private Limited	Ultimate holding company
KSK Power Venture plc	Step-up holding company
KSK Energy Limited	Holding company
KSK Electricity Financing India Private Limited	Subsidiary company
J R Power Gen Private Limited	Subsidiary company
KSK Dibbin Hydro Power Private Limited	Subsidiary company
Kameng Dam Hydro Power Limited	Subsidiary company
KSK Narmada Power Company Private Limited	Subsidiary company
KSK Wind Energy Private Limited	Subsidiary company
KSK Vidarbha Power Company Private Limited	Subsidiary company
KSK Surya Photovoltaic Venture Limited	Subsidiary company
Sai Maithili Power Company Private Limited	Subsidiary company
KSK Wardha Infrastructure Private Limited	Subsidiary company
KSK Upper Subansiri Hydro Energy Limited	Subsidiary company
KSK Dinchang Power Company Private Limited	Subsidiary company
KSK Jameri Hydro Power Private Limited	Subsidiary company
Tila karnali Hydro Electric Power Company Limited	Subsidiary company
Bheri Hydro Power Company Private Limited	Subsidiary company

Name of the party	Relationship
Sai Regency Power Corporation Private Limited	Subsidiary company
Sai Power pte Limited	Subsidiary company (Ceased to be Subsidiary from 26 March 2018)
KSK Water Infrastructures Private Limited	Subsidiary company (Ceased to be Subsidiary from 26 March 2018)
KSK Wind Power Aminabhavi Chikodi Private Limited	Subsidiary company
KSK Wind Energy Halagali Benchi Private Limited	Subsidiary company
KSK Wind Energy Mothalli Haveri Private Limited	Subsidiary company
KSK Wind Power Sankonahatti Athni Private Limited	Subsidiary company
Sai Lilagar Power Generation Limited	Subsidiary company

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

Name of the party	Relationship
KSK Mahanadi Power Company Limited	Associate (Subsidiary till 26 March 2018)
Raigarh Champa Rail Infrastructure Private Limited	Associate (Ceased to be Associate from 26 March 2018)
Sitapuram Power Limited	Joint operation (Ceased to be Joint operation from 25 December 2017)
SN Nirman Infra Projects Private Limited	Fellow subsidiary (Ceased to be Fellow subsidiary from 05 January 2018)
Sai Wardha Power Generation Limited	Associate (Subsidiary till 28 April 2017)
Field Mining Ispats Limited	Associate (Subsidiary till 28 April 2017)
VS Lignite Power Private Limited	Associate (Subsidiary till 29 August 2017)
KSK Mineral Resources Private Limited	Fellow subsidiary
Ksk Wind Energy Madurai Ms Puram Private Limited	Fellow subsidiary
KSK Energy Company Private Limited	Fellow subsidiary
KSK Green Energy pte Ltd	Fellow subsidiary
KSK Energy Resources Private Limited	Fellow subsidiary

### c) Key Management personnel

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

## Notes to financial statements

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

### d) Related party transactions

31 March 2018					
Particulars	Step up holding company	Fellow subsidiaries	Subsidiaries	Associate/ Joint operation	KMP
<b>Transactions</b>					
Project development and corporate support fees	-	-	21.70	3.23	-
Interest income	-	-	14.85	33.40	-
Interest expense	-	-	14.95	-	-
Sale of goods	-	-	-	35.23	-
Loans and advance given/(repaid) (including advance for investments)	(0.21)	(5.00)	634.07	992.43	-
Loans/security deposits taken/(repaid)	-	607.84	(263.32)	0.05	-
Managerial remuneration	-	-	-	-	18.00
<b>Balances at the year end</b>					
Amount receivable	-	-	1,619.56	2,426.56	-
Amount payable	-	607.84	118.14	1,648.13	-
Managerial remuneration payable	-	-	-	-	1.05

31 March 2017					
Particulars	Step up holding company	Subsidiaries	Joint operation	KMP	
<b>Transactions</b>					
Project development and corporate support fees	-	177.49	4.30	-	-
Interest income	-	303.11	-	-	-
Interest expense	-	36.51	-	-	-
Sale of goods	-	86.71	-	-	-
Loans and advance given/(repaid) (including advance for investments)	0.21	1,023.29	5.00	-	-
Loans/security deposits taken/(repaid)	(26.42)	84.57	-	-	-
Managerial remuneration	-	-	-	-	18.00
<b>Balances at the year end</b>					
Amount receivable	0.21	2,807.93	5.00	-	-
Amount payable	-	2,016.09	99.44	-	-
Managerial remuneration payable	-	-	-	-	1.21



- e) Disclosure of loans and advances to subsidiaries pursuant to Schedule V of the Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Amount outstanding as at		Maximum outstanding during the year
	31 March 2018	31 March 2017	31 March 2018
<b>Loans and advances in the nature of loans given to subsidiaries and associates:</b>			
KSK Dibbin Hydro Power Private Limited	-	0.80	0.80
KSK Narmada Power Company Private Limited	-	16.65	16.65
KSK Vidarbha Power Company Private Limited	-	2.05	2.05
Sai Lilagar Power Generation Limited	565.93	645.06	644.55
Sai Wardha Power Generation Limited	1,002.00	-	1,002.00
KSK Electricity Financing India Private Limited	1,018.64	1,168.23	3,269.53
KSK Mahanadi Power Company Limited	1,041.53	146.88	1,041.53
Sai Maithili Power Company Private Limited	-	14.05	14.24
VS Lignite Power Private Limited	-	1.41	25.67
KSK Water Infrastructures Private Limited	-	26.52	26.52
KSK Surya Photovoltaic Venture Limited	-	1.00	1.00

- f) Equity held in subsidiaries and step down subsidiary have been disclosed under "Non current Investment", (see note no 7).
- g) The holding company has pledged certain shares held in the Company as security towards the borrowings of the Company.
- h) Corporate Guarantees of Rs. 74,336.26 (31 March 2017 Rs.74,332.41), Bank guarantees of Rs. 2,743.12 (31 March 2017 Rs.2,848.68) and Letter of credit limits of Rs. Nil (31 March 2017 Rs.1,517.81) has been given by the Company on behalf of subsidiaries, fellow subsidiaries and associates.
- i) The Company has obtained corporate guarantees of Rs. 8,039.00 (31 March 2017: Rs. 8,039.00) from step-up holding company Rs. 1,000.00 (31 March 2017: Rs.1,000.00) from holding company.

### 30 Financial risk management objectives and policies

The Company's principal financial liabilities comprises of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company also hold investments designated at fair value through other comprehensive income, at amortised cost and at cost for investment in subsidiaries.

The Company's risk management activities are subject to the management direction. 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.

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, deposits, investment at fair value through at other comprehensive income.

# Notes to financial statements

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

## Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

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

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

Currency	Change in basis points	Effect on profit before tax / equity	
		31 March 2018	31 March 2017
INR	+50	(2.25)	(6.27)
INR	(50)	2.25	6.27

## Equity price risk

The Company's investments in unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the Company's exposure to unlisted equity securities other than in subsidiaries was Rs. Nil (31 March 2017: 160.00)

## 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 investing 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 March 2018	31 March 2017
Investments - at amortised cost	7	1,722.21	1,682.80
Trade receivables	8	334.18	408.95
Short term deposits with banks	14	236.87	303.49
Loans	9	4,218.06	2,152.17
Other financial asset	10	23,805.49	636.98
		<b>30,316.81</b>	<b>5,184.39</b>

The credit worthiness of customers / subsidiaries 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 27.

### Liquidity risk analysis

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

The Company requires funds both for short-term operational needs as well as for long-term investment programmes mainly in construction projects for its power plants.

The following is an analysis of the Company 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	
Borrowings	8,687.29	2,712.50	778.21	12,178.00
Trade and other payables	2,044.83	-	-	2,044.83
Other financial liabilities	3,852.62	-	-	3,852.62
<b>Total</b>	<b>14,584.74</b>	<b>2,712.50</b>	<b>778.21</b>	<b>18,075.45</b>

The following is an analysis of the Company 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	
Borrowings	3,621.12	4,931.58	1,521.66	10,074.36
Trade and other payables	1,332.48	-	-	1,332.48
Other financial liabilities	3,391.22	319.64	-	3,710.86
<b>Total</b>	<b>8,344.82</b>	<b>5,251.22</b>	<b>1,521.66</b>	<b>15,117.70</b>

### Capital management

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

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

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

## Notes to financial statements

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

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:**

	As at	
	31 March 2018	31 March 2017
Total borrowing	10,747.97	7,831.74
Less : Cash and bank balances	(12.55)	(24.25)
less : Other bank balances	(236.87)	(303.49)
<b>Net debt</b>	<b>10,498.55</b>	<b>7,504.00</b>
Equity	27,357.59	31,194.23
<b>Total equity</b>	<b>27,357.59</b>	<b>31,194.23</b>
<b>Net debt to equity ratio</b>	<b>0.38</b>	<b>0.24</b>

### 31 Financial Instruments

Carrying amounts versus fair values

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

	Carrying amount	Fair value	Carrying amount	Fair value
	31 March 2018	31 March 2018	31 March 2017	31 March 2017
<b>Non- current financial assets</b>				
Investment - At fair value through other comprehensive income	-	-	160.00	160.00
Trade receivables	-	-	99.43	99.43
Loans	1,154.97	1,154.97	731.36	731.36
Other financial asset	4.98	4.98	411.46	411.46
<b>Total non-current</b>	<b>1,159.95</b>	<b>1,159.95</b>	<b>1,402.25</b>	<b>1,402.25</b>
<b>Current financial assets</b>				
Trade receivables	334.18	334.18	309.52	309.52
Cash and bank balances	12.55	12.55	24.25	24.25
Other bank balances	236.87	236.87	303.49	303.49
Loans	3,063.09	3,063.09	1,420.81	1,420.81
Other financial asset	23,800.51	23,800.51	225.52	225.52
<b>Total current</b>	<b>27,447.20</b>	<b>27,447.20</b>	<b>2,283.59</b>	<b>2,283.59</b>
<b>Total</b>	<b>28,607.15</b>	<b>28,607.15</b>	<b>3,685.84</b>	<b>3,685.84</b>
<b>Non- current financial liabilities</b>				
Borrowings	2,585.34	2,585.34	4,681.26	4,681.26
Other financial liabilities	-	-	319.64	319.64
<b>Total non-current</b>	<b>2,585.34</b>	<b>2,585.34</b>	<b>5,000.90</b>	<b>5,000.90</b>

	Carrying amount	Fair value	Carrying amount	Fair value
	31 March 2018	31 March 2018	31 March 2017	31 March 2017
<b>Current financial liabilities</b>				
Borrowings	5,215.67	5,215.67	2,153.49	2,153.49
Trade payables	2,044.83	2,044.83	1,332.48	1,332.48
Other financial liabilities	6,799.59	6,799.59	4,388.20	4,388.20
<b>Total current</b>	<b>14,060.09</b>	<b>14,060.09</b>	<b>7,874.17</b>	<b>7,874.17</b>
<b>Total</b>	<b>16,645.43</b>	<b>16,645.43</b>	<b>12,875.07</b>	<b>12,875.07</b>

### 32 Fair value hierarchy

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

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

31 March 2018	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Equity securities - At fair value through other comprehensive income	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
<b>Total</b>	-	-	-	-

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the transfer has occurred. During the year ended 31 March 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation of Level 3 fair value measurements of financial assets:

31 March 2018	Total
Opening balance	160.00
Total gains or losses:	
- in Statement of Profit and Loss	(160.00)
- in other comprehensive income	
change in fair value of financial asset	-
Settlements	-
Transfers into level 3	-
Closing balance	-

# Notes to financial statements

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

31 March 2017	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Equity securities - At fair value through other comprehensive income	-	-	160.00	160.00
<b>Total</b>	-	-	<b>160.00</b>	<b>160.00</b>
<b>Financial liabilities measured at fair value</b>				
<b>Total</b>	-	-	-	-

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

Reconciliation of Level 3 fair value measurements of financial assets:

31 March 2017	Total
Opening balance	160.00
Total gains or losses:	
- in income statement	-
- in other comprehensive income	
change in fair value of financial asset	-
Settlements	-
Transfers into level 3	-
Closing balance	160.00

## Valuation techniques

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

**33** The company is primarily engaged in the business of providing project development and corporate support services. Accordingly there are no reportable segment as per Indian Accounting Standard -108 "Operating Segments".

**34** The Company has incurred an amount of Rs. Nil (31 March, 2017: Rs. 6.80) towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 and is included in other expenses.

	31 March 2018		31 March 2017	
	In cash	Yet to be paid	In cash	Yet to be paid
(a) Gross amount required to be spend	-	-	-	-
(b) Amount spend on				
(i) Construction/Acquisition of asset	-	-	-	-
(ii) On purpose other than (i) above	-	-	6.80	-
<b>Total</b>	-	-	<b>6.80</b>	-

**35** The Company has made investment of Rs 28,771.44 million in KSK Mahanadi Power Company Limited ('KMPCL') in form of equity shares and advances . The Company has pledge certain shares with Power Finance Corporation Limited ('PFC') as Security Trustee for the financial assistance granted by lenders to KMPCL. Pursuant to the RBI Circular dated 12th February, 2018, Lenders decision on 27th March, 2018 to consider the change in management outside NCLT, during may 2018 lenders have accordingly invoked shares equivalent to Rs. 25,713.72 million in KMPCL held by the Company along with its subsidiaries.

Consequent to the above, the Company has lost control over KMPCL along with its subsidiaries i.e. KSK Water Infrastructures Private Limited ('KWIPL'), Sai Power Pte Ltd ('SPPL') and associate i.e. Raigarh Champa Rail Infrastructure Private Limited ('RCRIPL') with effect from 27 March 2018. The Company continue to carry remaining Investment, advances and amount receivable pursuant to the invocation at carrying value and no provision has been considered in these financial statements by the management, as impact, if any, is currently unascertainable.

**36** SWPGL Lenders on 28th April, 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 and in October 2017 has invoked the pledge shares. However, RBI notification dated 12th February, 2018 repealed all debt restructuring schemes (including OSDR) thereby necessitating resolution under the new circular

Consequent to the invocation of pledge shares, the Company has lost control over SWPGL and SWPGL ceased to be the subsidiary of the Company. The Company continue to carry balance investment, Loans and advances and amount receivable of Rs 2,993.15 million pursuant to the invocation at carrying value and no provision has been considered in these financial statements by the management, as impact, if any, is currently unascertainable.

**37** Considering the wider developments across the energy sector in India , wherein even commissioned and operational projects are facing significant stress for resolution, the immediate demand for partially developed project, especially various hydro and other projects that entail further development and construction risks, would attract very limited investor interest. Resultantly, the Company has re evaluated the recoverability of its investment in various Hydro, Solar and other projects which are under various stages of construction and implementation over the last few years. Based on such reassessment, Company has undertaken impairment of Property, Plant and Equipment (PPE), investments and other assets related to such projects and accordingly recognised an impairment loss of Rs. 1,888.84 million and disclosed the same as exceptional item in the financial statements.

As per our report of even date  
For **Jawahar and Associates,**  
Chartered Accountants  
Firm Registration No: 001281S

for and on behalf of the Board

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

Sd/-  
**S. Kishore**  
Whole-time Director  
DIN - 00006627

Sd/-  
**K. Bapi Raju**  
Director  
DIN - 00940849

Sd/-  
**Ranjith Kumara Shetty**  
Company Secretary

Place: Hyderabad  
Date: 14 June 2018

To

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

### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying Consolidated Ind AS financial statements of KSK Energy Ventures Limited ("the Holding Company") and its subsidiaries, Jointly controlled entity and Associates (collectively referred to as 'the Company' or 'the Group'), which comprises the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other Comprehensive income), the Consolidated statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Consolidated Ind AS financial statements').

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

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ( hereinafter referred to as 'the Act') that gives a true and fair view of the Consolidated Ind AS financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.



An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Group's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

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

### **Basis for Qualified Opinion**

1. *We draw your attention to note no. 8 of the Statement regarding:*
  - a. *Invocation of the pledged shares of Sai Wardha Power Generation Limited ("SWPGL"), pledged by the Company in favour of the lenders of SWPGL. The group holds an amount of Rs. 206.11 crores shown as receivable consequent to invocation of pledge referred above in the Financial Statements.*
  - b. *Debt restructuring/ change in management of VS Lignite Power Private Limited, in which the group holds an investment of Rs. 81.60 crores.*
  - c. *Invocation of the pledged shares of KSK Mahanadi Power Company Limited ("KMPCL") a subsidiary of the company, pledged by the Company in favour of the lenders of KMPCL. The group holds an amount of Rs. 2,677.24 crores as receivable and Rs. 210.99 Crores as Investments consequent to invocation of pledge referred above in the Financial Statements.*

*Pending disposal/transfer of shares and pending debt restructuring/ change in management by the Lenders no provision has been considered in these financial statements by the management, as impact, if any is currently unascertainable.*

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in "basis for qualified opinion" paragraph, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- b) in the case of the Consolidated Profit and Loss Statement including other comprehensive income, of the loss for the year ended on that date;
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date; and
- d) in the case of the Consolidated changes in equity for the year ended on that date.

### **Emphasis of Matters**

We draw your attention towards:

- a) Note no. 2.4 of the financial statement, which state that "the group has incurred a net loss during the year ended 31 March, 2018 and during the previous years with resultant defaults in payment of interest and instalments dues to banks and financial institutions. Further as discussed in Note no. 8 to the financial statements, the Group has residual investments and receivables pursuant to invocation of shares. However, the group continues to prepare the financial statements as a

going concern as the Group is making appropriate representation and is in discussion with the respective lenders to find an appropriate resolution plan at each of the assets. "In the absence of any contrary information, our opinion is not modified in this matter.

- b) Note no. 21a of the statement, stating that "some of the lenders of KSK Energy Ventures Limited have recalled the loan and has issued notice for possession of underlying securities on account of non-payment of overdue amount". Our opinion is not modified in this matter.
- c) Note no. 44 of the Statement, stating the "Impairment loss amounting to Rs.620.59 crores incurred by the group on account of Impairment of Investments and Advances given to subsidiaries. The same has been disclosed as exceptional item in the Statement of Profit and Loss for the year ended 31 March 2018. Our opinion is not modified in this matter.

### **Other Matter**

We did not audit the financial statements and other financial information, in respect of 27 subsidiaries and 1 joint venture, whose financial statements include total assets of Rs. 3,236.69 crores as at March 31, 2018, and total revenues of Rs.3,230.08 crores for the year ended March 31, 2018. These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net loss of Rs. 11.12 crores for the year ended March 31, 2018 as considered in the consolidated financial statements, in respect of an associate whose financial statements and other financial information have been audited by other auditors and whose report have been furnished to us by the management.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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

The comparative financial information of the Group for the year ended March 31, 2017, included in these Consolidated financial Statements, have been audited by the predecessor auditor. The report of the predecessor auditor on comparative financial information dated 27 May 2017 expressed an unmodified opinion.

### **Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

- b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The consolidated Balance Sheet, consolidated Statement of Profit and Loss, the consolidated statement of Cash Flow and the consolidated Statement of changes in equity dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards referred to in section 133 of Companies Act 2013, read with relevant Rules issued thereunder.
- e. We have not received written representation from one of the directors of the company for non-disqualification under Section 164(2). As far as other directors are concerned, on the basis of written representations received from such directors as on March 31, 2018, and taken on record by the Board of Directors, none of the remaining directors are disqualified as on March 31, 2018, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements - Refer Note 35 to the Consolidated Ind AS financial statements
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts. Refer to Note 24 & 25 to the Consolidated Ind AS financial statements
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Hyderabad  
Date: 14 June, 2018

For **Jawahar and Associates.,**  
Chartered Accountants  
Firm Registration No: 001281S

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of KSK Energy Ventures Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Hyderabad  
Date: 14 June, 2018

For **Jawahar and Associates.,**  
Chartered Accountants  
Firm Registration No: 001281S

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

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# Consolidated Balance Sheet as at 31 March 2018

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

	Note	As at	
		31-Mar-18	31-Mar-17
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property plant and equipment	10	5,099.05	134,662.27
(b) Capital work in progress	10	1,908.91	83,058.84
(c) Goodwill	11	-	1,955.69
(d) Other intangible assets	11	0.57	1,316.46
(e) Intangible assets under development	11	1.54	32.11
(f) Financial asset			
(i) Investments	12	2,943.46	868.26
(ii) Trade receivables	13	-	99.44
(iii) Loans	14	25.29	2,129.39
(iv) Other financial asset	15	85.81	1,563.80
(v) Derivative assets		-	2,614.48
(g) Deferred tax assets (net)	27	274.79	11,545.75
(h) Other non-current assets	16	300.19	9,489.24
		<b>10,639.61</b>	<b>249,335.73</b>
<b>2 Current assets</b>			
(a) Inventories	17	367.33	1,865.88
(b) Financial asset			
(i) Investments	12	213.98	341.88
(ii) Trade receivables	13	312.97	29,537.81
(iii) Cash and bank balances	18	167.49	1,229.94
(iv) Other bank balances	19	326.40	5,350.19
(v) Loans	14	2,844.01	6,191.81
(vi) Other financial asset	15	27,888.24	332.94
(c) Current tax assets (Net)		56.01	1.02
(d) Other current assets	16	2,116.51	12,083.61
		<b>34,292.94</b>	<b>56,935.08</b>
<b>TOTAL</b>		<b>44,932.55</b>	<b>306,270.81</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	20	4,239.86	4,239.86
(b) Other equity		3,526.38	17,398.76
		7,766.24	21,638.62
(c) Non controlling interest		1,380.36	6,563.45
<b>Total equity</b>		<b>9,146.60</b>	<b>28,202.07</b>

Continued...

	Note	As at	
		31-Mar-18	31-Mar-17
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liability			
(i) Borrowings	21	10,447.11	204,022.78
(ii) Other financial liabilities	23	846.64	843.00
(iii) Derivative liabilities	24	-	896.37
(b) Provisions	25	7.34	616.58
(c) Deferred tax liabilities (net)	27	39.49	386.23
(d) Other non current liabilities	26	15.56	675.05
		<b>11,356.14</b>	<b>207,440.01</b>
<b>2 Current liabilities</b>			
(a) Financial liability			
(i) Borrowings	21	9,358.98	22,455.35
(ii) Trade payables	22	2,586.54	12,248.01
(iii) Other financial liabilities	23	12,244.64	34,360.50
(iv) Derivative liabilities	24	-	495.45
(b) Other current liabilities	26	238.87	997.57
(c) Current Tax liability (Net)		0.78	71.85
		<b>24,429.81</b>	<b>70,628.73</b>
<b>TOTAL</b>		<b>44,932.55</b>	<b>306,270.81</b>

See accompanying notes to Consolidated financial statements

As per our report of even date

For **Jawahar and Associates,**

Chartered Accountants

Firm Registration No: 001281S

for and on behalf of the Board

Sd/-

**M. Chandramouleswara Rao**

Partner

Membership No: 024608

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. Bapi Raju**

Director

DIN - 00940849

Sd/-

**Ranjith Kumara Shetty**

Company Secretary

Place: Hyderabad

Date: 14 June 2018

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

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

	Note	Year ended	
		31-Mar-18	31-Mar-17
I Revenue from operations	28	31,490.17	39,385.83
II Other income	29	780.28	1,633.64
<b>III Total revenue (I+II)</b>		<b>32,270.45</b>	<b>41,019.47</b>
<b>IV Expenses</b>			
Cost of fuel consumed	30	19,014.67	19,958.55
Employee benefits expenses	31	836.06	1,118.69
Finance costs	32	21,842.80	21,945.11
Other expenses	33	5,397.18	5,517.96
Depreciation and amortisation expenses	10 & 11	5,997.75	6,822.71
<b>Total expenses</b>		<b>53,088.46</b>	<b>55,363.02</b>
<b>V Profit / (loss) before exceptional items and tax (III - IV)</b>		<b>(20,818.01)</b>	<b>(14,343.55)</b>
VI Exceptional items	8 & 44	2,200.37	6,055.20
<b>VII Profit / (loss) before tax (V+VI)</b>		<b>(18,617.64)</b>	<b>(8,288.35)</b>
<b>VIII Tax expense / (income)</b>			
Current tax			
For the year		2.94	58.41
In respect of earlier years		(50.44)	0.02
MAT credit entitlement	27	57.29	(66.12)
Deferred tax	27	(1,613.51)	(1,353.16)
<b>Total tax expense / (income)</b>		<b>(1,603.72)</b>	<b>(1,360.85)</b>
<b>IX Profit / (loss) after tax (VII - VIII)</b>		<b>(17,013.92)</b>	<b>(6,927.50)</b>
X Share of profit / (loss) of associate		(111.15)	(68.71)
<b>XI Profit / (loss) for the year (IX + X)</b>		<b>(17,125.07)</b>	<b>(6,996.21)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(14,262.65)	(6,359.76)
Non-controlling interest		(2,862.42)	(636.45)
		<b>(17,125.07)</b>	<b>(6,996.21)</b>
<b>XII Other comprehensive income</b>	34		
(i) (a) Items that will not be reclassified to profit or loss		(12.45)	1.60
(b) Income tax relating to items that will not be reclassified to profit or loss		0.62	1.02
(ii) Items that will be reclassified to profit or loss		7.23	(1.28)
<b>Other comprehensive income for the year, net of tax</b>		<b>(4.60)</b>	<b>1.34</b>
<b>Total comprehensive income (XI + XII)</b>		<b>(17,129.67)</b>	<b>(6,994.87)</b>

Continued...



	Note	Year ended	
		31-Mar-18	31-Mar-17
<b>Attributable to:</b>			
Equity holders of the parent		(14,266.96)	(6,360.85)
Non - controlling interest		(2,862.71)	(634.02)
		<b>(17,129.67)</b>	<b>(6,994.87)</b>
<b>XIII Earnings / (loss) per share:</b>			
Basic and diluted - face value of Rs 10 per share (Rs.)	37	(33.64)	(15.00)

See accompanying notes to Consolidated financial statements

As per our report of even date

For **Jawahar and Associates,**

Chartered Accountants

Firm Registration No: 001281S

for and on behalf of the Board

Sd/-

**M. Chandramouleswara Rao**

Partner

Membership No: 024608

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. Bapi Raju**

Director

DIN - 00940849

Sd/-

**Ranjith Kumara Shetty**

Company Secretary

Place: Hyderabad

Date: 14 June 2018

# Consolidated Statement of Changes in Equity for the year ended 31 March 2018

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

A Equity Share Capital	Particulars		No. of Shares	Amount
	<b>Balance as at 1 April 2016</b>		423,985,774	4,239.86
Changes in equity share capital during the year :		-	-	
<b>Balance as at 31 March 2017</b>		<b>423,985,774</b>	<b>4,239.86</b>	
Balance as at 1 April 2017		423,985,774	4,239.86	
Changes in equity share capital during the year :		-	-	
<b>Balance as at 31 March 2018</b>		<b>423,985,774</b>	<b>4,239.86</b>	

B Other equity	Attributable to the equity holders of the parent										Total equity	
	Reserves and Surplus					Items of OCI			Money received against share warrants	Total		Non-controlling interests
	Securities Premium Reserve	Capital reserve	Capital Redemption reserve	Other reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Foreign exchange translation reserve	Actuarial gains / (losses)				
<b>As at 1 April 2016</b>	23,222.32	-	1,000.00	(127.32)	(2,399.40)	(33.13)	(4.26)	(4.21)	1,728.96	23,382.96	7,244.06	30,627.02
Profit / (loss) for the year	-	-	-	-	(6,359.76)	-	-	-	-	(6,359.76)	(636.45)	(6,996.21)
<b>Other Comprehensive Income</b>												
<b>Items that will not be reclassified to profit or loss</b>												
Gain / (loss) on financial instruments at fair value through OCI	-	-	-	-	-	(1.66)	-	-	-	(1.66)	-	(1.66)
Actuarial gain/(loss)	-	-	-	-	-	-	-	0.67	-	0.67	2.59	3.26
Tax impact	-	-	-	-	-	-	-	1.18	-	1.18	(0.16)	1.02

Continued...

	Attributable to the equity holders of the parent										Non-controlling interests	Total equity	
	Reserves and Surplus					Items of OCI				Money received against share warrants			Total
	Securities Premium Reserve	Capital reserve	Capital Redemption reserve	Other reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Foreign exchange translation reserve	Actuarial gains / (losses)					
<b>Items that will be reclassified to profit or loss</b>													
Foreign currency translation reserve	-	-	-	-	-	-	(1.28)	-	-	-	(1.28)	-	(1.28)
<b>Total comprehensive income</b>	-	-	-	-	(6,359.76)	(1.66)	(1.28)	1.85	-	-	(6,360.85)	(634.02)	(6,994.87)
Forfeiture of share warrants	-	1,728.96	-	-	-	-	-	-	(1,728.96)	-	-	-	-
Transfer of economic interest to non-controlling interests <sup>1</sup>	-	-	-	-	237.88	-	-	-	-	-	237.88	(237.88)	-
Change in non-controlling interests without change in control	-	-	-	237.28	-	-	-	-	-	-	237.28	781.91	1,019.19
Common control business combination	-	-	-	-	(98.51)	-	-	-	-	-	(98.51)	(590.62)	(689.13)
<b>Transaction with owner</b>	-	1,728.96	-	237.28	139.37	-	-	-	(1,728.96)	-	376.65	(46.59)	330.06
<b>As at 31 March 2017</b>	23,222.32	1,728.96	1,000.00	109.96	(8,619.79)	(34.79)	(5.54)	(2.36)	-	-	17,398.76	6,563.45	23,962.21

# Consolidated Statement of Changes in Equity for the year ended 31 March 2018

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

	Attributable to the equity holders of the parent										Total equity	
	Reserves and Surplus					Items of OCI				Total		Non-controlling interests
	Securities Premium Reserve	Capital reserve	Capital Redemption reserve	Other reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Foreign exchange translation reserve	Actuarial gains / (losses)				
<b>As at 1 April 2017</b>	23,222.32	1,728.96	1,000.00	109.96	(8,619.79)	(34.79)	(5.54)	(2.36)	17,398.76	6,563.45	23,962.21	
Profit / (loss) for the year	-	-	-	-	(14,262.64)	-	-	-	(14,262.64)	(2,862.42)	(17,125.06)	
<b>Other Comprehensive Income</b>												
<b>Items that will not be reclassified to profit or loss</b>												
Gain / (loss) on financial instruments at fair value through OCI	-	-	-	-	-	(9.78)	-	-	(9.78)	-	(9.78)	
Actuarial gain / (loss)	-	-	-	-	-	-	-	(2.28)	(2.28)	(0.39)	(2.67)	
Tax impact	-	-	-	-	-	-	-	0.52	0.52	0.10	0.62	
<b>Items that may be reclassified to profit or loss</b>												
Foreign currency translation reserve	-	-	-	-	-	-	7.23	-	7.23	-	7.23	
<b>Total comprehensive income</b>	-	-	-	-	(14,262.64)	(9.78)	7.23	(1.76)	(14,266.95)	(2,862.71)	(17,129.66)	
Transfer of economic interest to non-controlling interests <sup>1</sup>	-	-	-	-	500.73	-	-	-	500.73	(500.73)	-	
Disposal of subsidiary (refer note 8)	-	-	-	(107.95)	-	-	1.73	0.06	(106.16)	(1,819.65)	(1,925.81)	
<b>Transaction with owner</b>												
<b>As at 31 March 2018</b>	23,222.32	1,728.96	1,000.00	2.01	(22,381.70)	(44.57)	3.42	(4.06)	3,526.38	1,380.36	4,906.74	

The group entities have arrangements of sharing of profits with its non-controlling shareholders, through which the non-controlling shareholders are entitled to a dividend of 0.01% of the face value of the equity share capital held and the same is also reflected in the Consolidated statement of profit or loss. However, the non controlling interest disclosed in the Consolidated statement of changes in equity is calculated in the proportion of the actual shareholding as at the reporting date.

See accompanying notes to Consolidated financial statements

As per our report of even date  
**For Jawahar and Associates,**  
 Chartered Accountants  
 Firm Registration No: 001281S

for and on behalf of the Board

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

Sd/-  
**S. Kishore**  
 Whole-time Director  
 DIN - 00006627

Sd/-  
**K. Bapi Raju**  
 Director  
 DIN - 00940849

Sd/-  
**Ranjith Kumara Shetty**  
 Company Secretary

Place: Hyderabad  
 Date: 14 June 2018

# Consolidated Cash Flow Statement for the year ended 31 March 2018

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

Particulars	31-Mar-18	31-Mar-17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(18,617.64)	(8,288.35)
<b>Adjustments for</b>		
Depreciation and amortisation expenses	5,997.75	6,822.71
Finance cost	21,842.80	21,945.11
Interest income	(298.09)	(843.48)
Dividend income	(13.29)	(13.57)
(Profit) / loss on sale of assets, net	(2.64)	(14.56)
Profit on sale of investment	(7.95)	-
Gain on disposal of subsidiaries / Joint Operations	(8,386.52)	-
Bad debts / advances written off / provision for doubtful debts	2,152.97	602.20
Impairment of property, plant & equipment and others	6,205.85	-
Foreign exchange differences	15.79	53.17
Liability no longer required written back	(23.09)	(5.16)
Others, net	(99.24)	(145.86)
<b>Operating profit before working capital changes</b>	<b>8,766.70</b>	<b>20,112.21</b>
<b>Adjustments for working capital</b>		
Inventories	(218.40)	677.84
Trade receivables	(6,229.40)	(6,338.63)
Loans and advances	(128.70)	26.67
Other assets	(1,676.63)	(8,370.88)
Trade payables	2,028.74	3,338.95
Other liabilities and provisions	(133.71)	624.39
<b>Cash generated from operations</b>	<b>2,408.60</b>	<b>10,070.55</b>
Income tax (paid) / refund	119.72	268.65
<b>Net cash from operating activities</b>	<b>2,528.32</b>	<b>10,339.20</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including capital work-in-progress and capital advances	(10,588.94)	(14,096.29)
Sale of fixed assets	21.02	12.56
Advance received against sale of assets, net	-	2,137.60
Acquisition of minority interest / dilution of interest in subsidiaries, net	73.83	14.37
Disposal / Aquisition of subsidiaries/Joint operations	(590.21)	(705.88)
(Purchase) / sale of current investments, net	23.40	-
(Investment) / redemption of bank deposit (having original maturity more than three months)	(0.17)	(0.04)
(Investment) / redemption of bank deposit (held as margin money or security against guarantees or borrowings)	853.22	1,380.86
Loans and advances (given) / repaid, net	(686.41)	(2,125.90)

Continued...

Particulars	31-Mar-18	31-Mar-17
Interest received	313.80	647.46
Dividend received	-	10.00
<b>Net cash used in investing activities</b>	<b>(10,580.46)</b>	<b>(12,725.26)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue and application money in subsidiary	-	973.60
Proceeds from long term borrowings	26,312.34	37,719.08
Repayment of long term borrowings	(1,521.73)	(5,079.72)
Proceeds from short term borrowings, net	5,950.47	(1,493.90)
Proceed from / (repayment of) other liabilities	690.47	1,491.08
Payment of finance costs	(24,450.82)	(30,530.47)
<b>Net cash from / (used in ) financing activities</b>	<b>6,980.73</b>	<b>3,079.67</b>
Net increase / (decrease) in cash and cash equivalents	(1,071.41)	693.62
Effect of exchange rate changes	8.96	(1.28)
Cash and cash equivalents at the beginning of the year	1,229.94	537.60
<b>Cash and cash equivalents at the end of the year (refer note 18)</b>	<b>167.49</b>	<b>1,229.94</b>

#### 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
			Disposal of subsidiaries/ Joint Operations	Finance cost charged	Fair value changes	Others	Unamortised processing charges	
Long term borrowings	208,488.25	24,790.61	(221,534.40)	-	61.78	-	2,529.21	14,335.45
Short term borrowings	24,592.95	5,950.47	(21,206.43)	-	-	-	21.99	9,358.98
Other liabilities	4,798.49	690.47	65.65	-	-	-	-	5,554.61
Finance costs / Derivatives	8,443.55	(24,450.82)	(13,800.68)	33,524.38	(173.91)	(62.22)	(184.04)	3,296.25

See accompanying notes to Consolidated financial statements

As per our report of even date

For **Jawahar and Associates,**

Chartered Accountants

Firm Registration No: 001281S

for and on behalf of the Board

Sd/-

**M. Chandramouleswara Rao**

Partner

Membership No: 024608

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. Bapi Raju**

Director

DIN - 00940849

Sd/-

**Ranjith Kumara Shetty**

Company Secretary

Place: Hyderabad

Date: 14 June 2018

# Notes to Consolidated financial statements

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

## 1 Corporate Information

**1.1** KSK Energy Ventures Limited (“KEVL” or the “Company”), is a Public Company domiciled in India and incorporated under the provisions of Companies Act applicable in India. The Registered Office of the Company is located at Jubilee Hills, Hyderabad - 500033, Telangana.

### 1.2 Nature of operations

KSK Energy Ventures Limited, its subsidiaries, joint operations and associates (collectively referred to as ‘the Group’) are primarily engaged in the development, ownership, operation and maintenance of private sector power projects with multiple industrial consumers and utilities in India.

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

The principal activities of the Group are described in note 38.

## 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 14 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. All amounts have been rounded-off to the nearest million, unless otherwise stated.

### 2.3 Basis of measurement

These financial statements of the Group have been prepared on the historical cost convention, except for the following:

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

### 2.4 Going Concern

The Group has incurred net loss during the current year as well in the previous years with resultant defaults in payment of interest and instalments dues to banks and financial institutions. Further as discussed at note 8 to the financial statements, the Group has residual investments and receivables pursuant to invocation of shares. However, the Group has been making appropriate representation and is in discussion with the respective lenders to find an appropriate resolution plan at each of the assets. The Group continues to prepare the financial statements as going-concern.

## 3 Basis of consolidation

**3.1** The consolidated financial statements incorporate the consolidated financial statements of the Company and its subsidiaries, joint operations and associates. 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 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.

# Notes to Consolidated financial statements

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

## 3.2 Particulars of Subsidiaries, Joint Ventures and Associates:

- Subsidiary Companies

Name of the Company	Principal activities	The Company's economic percentage		Principal place of business	Immediate parent	Immediate parent holding	
		31 March 2018	31 March 2017			31 March 2018	31 March 2017
KSK Vidarbha Power Company Private Limited, ('KVPCPL')	Power generation	100.00	100.00	India	KEVL	100.00	100.00
KSK Narmada Power Company Private Limited ('KNPCPL')	Power generation	100.00	100.00	India	KEVL	100.00	100.00
KSK Wind Energy Private Limited ('KWEPL')	Power generation	100.00	100.00	India	KEVL	100.00	100.00
KSK Surya Photovoltaic Venture Limited ('KSPVL')	Power generation	93.23	93.23	India	KEVL	93.23	93.23
KSK Wardha Infrastructure Private Limited ('KWA IPL')	Exploration of natural / mineral resources.	100.00	100.00	India	KEVL	100.00	100.00
KSK Dibbin Hydro Power Private Limited ('KDHPPL')	Power generation	70.00	70.00	India	KEVL	70.00	70.00
Kameng Dam Hydro Power Limited ('KDHPPL')	Power generation	100.00	100.00	India	KEVL	100.00	100.00
KSK Upper Subansiri Hydro Energy Limited ('KUSHEL')	Power generation	100.00	100.00	India	KEVL	100.00	100.00
KSK Jameri Hydro Power Private Limited ('KJHPPL')	Power generation	100.00	100.00	India	KEVL	100.00	100.00
KSK Dinchang Power Company Private Limited ('KDPCPL')	Power generation	100.00	100.00	India	KEVL	100.00	100.00
J R Power Gen Private Limited ('JRPGL')	Power generation	99.87	99.87	India	KEVL	99.87	99.87
KSK Wind Power Aminabhavi Chikodi Private Limited ('KWPACPL')	Power generation	100.00	100.00	India	KEVL	69.95	69.95
Tila Karnali Hydro Electric Company Private Limited ('TKHECPL')	Power generation	80.00	80.00	Nepal	KEVL	80.00	80.00
Bheri Hydro Power Company Private Limited ('BHPCPL')	Power generation	99.00	99.00	Nepal	KEVL	99.00	99.00
KSK Mahanadi Power Company Limited ('KMPCL') *	Power generation	-	81.29	India	KEVL	-	77.00

Continued...

Name of the Company	Principal activities	The Company's economic percentage		Principal place of business	Immediate parent	Immediate parent holding	
		31 March 2018	31 March 2017			31 March 2018	31 March 2017
KSK Electricity Financing India Private Limited ('KEFIPL')	Investment/ Financing company	100.00	100.00	India	KEVL	100.00	100.00
Sai Regency Power Corporation Private Limited ('SRPCPL')	Power generation	73.92	73.92	India	KEFIPL	73.92	73.92
KSK Wind Energy Halagali Benchi Private Limited ('KWEHBPL')	Power generation	99.61	99.61	India	KEFIPL	99.61	99.61
KSK Wind Energy Mothalli Haveri Private Limited ('KWEMHPL')	Power generation	99.61	99.61	India	KEFIPL	99.61	99.61
KSK Wind Power Sankonahatti Athni Private Limited ('KWPSAPL')	Power generation	99.61	99.61	India	KEFIPL	99.61	99.61
Sai Lilagar Power Generation Limited ('SLPGL')	Power generation	100.00	100.00	India	KEFIPL	100.00	100.00
VS Lignite Power Private Limited ('VSLPPL') *	Power generation	-	83.75	India	KEFIPL	-	83.75
Sai Wardha Power Generation Limited ('SWPGL') *	Power generation	-	80.67	India	KEFIPL	-	74.00
Global Coal Sourcing Plc (GCSP)	Coal sourcing company	100.00	100.00	Isle of Man	SLPGL	100.00	100.00
Sai Power Pte Ltd ('SPPL') *	Coal sourcing company	-	81.29	Singapore	KMPCL	100.00	100.00
KSK Water Infrastructures Private Limited ('KWIPL') *	Water supply facility	-	50.92	India	KMPCL	100.00	62.64
Sai Maithili Power Company Private Limited ('SMPCL')	Power generation	44.75	62.98	India	VSLPPL	52.00	52.00
Field Mining and Ispats Limited ('FMIL') *	Exploration of natural / mineral resources.	-	68.55	India	SWPGL	84.98	84.98

# Notes to Consolidated financial statements

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

## ● Joint Venture Company and associates

Name of the Company	Refer note	Venturer	Principal place of business	Percentage share holding	
				31 March 2018	31 March 2017
<b>● Joint Venture Company</b>					
Sitapuram Power Limited ('SPL')	8	KEFIPL	India	-	49.00
<b>● Associates</b>					
VS Lignite Power Private Limited ('VSLPPL')	8	KEFIPL	India	32.75	-
Sai Wardha Power Generation Limited ('SWPGL')	8	KEFIPL	India	27.35	-
KSK Mahanadi Power Company Limited ('KMPCL')	8	KEVL	India	11.39	-
Raigarh Champa Rail Infrastructure Private Limited ('RCRIPL')	8	KMPCL	India	-	49.0

## 4 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.

## 5 Standards and interpretations not yet applied

At the date of authorisation of these Consolidated financial statements, the following Standards and relevant Interpretations, which have not been applied in these Consolidated 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 Group has yet to assess the impact of above standards on the Consolidated financial statements. However the management does not intend to apply any of these pronouncements early.

## 6 Significant Accounting Policies

### 6.1 Property, plant and equipment

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

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

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

Nature of asset	Useful life (years)
Buildings	5-60
Plant and equipment	1-30
Railway siding	4-60
Furniture & fixtures	1-10
Vehicles	8-10
Office equipment	3-6
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.

### 6.2 Intangible assets

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

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

# Notes to Consolidated financial statements

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

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.

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

## 6.3 Mining assets

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

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

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

## 6.4 Non-current assets held-for-sale

Non-current assets and disposal groups classified as held-for-sale are measured at lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuous use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management is committed to the sale, which should be expected to qualify for recognition as a completed sale generally within one year from the date of classification.

Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal group, are re-measured in accordance with the Company's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

## 6.5 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.

## 6.6 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)
- 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)

### *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

## Notes to Consolidated financial statements

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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

### *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.



## 6.7 Financial liabilities

### *Initial recognition*

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

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

The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and other financial liabilities.

### *Subsequent measurement*

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

#### *Financial liabilities at fair value through profit or loss*

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

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

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

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

#### *Loans and borrowings at amortised cost*

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

#### *Financial guarantee contracts*

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the bond. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

#### *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.

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

## *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.

## **6.8 Derivative financial instruments and hedge accounting**

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps future and options to hedge its foreign currency risks, interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss

### *Embedded derivatives*

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

## **6.9 Fair value measurement**

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

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

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

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

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

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

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

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

### 6.10 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.

### 6.11 Foreign currency translation

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

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

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

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

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

### 6.12 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.

*Rendering of services*: The Company provides project development, corporate support and fund management services. Revenue from rendering of services is recognised in statement of profit and loss in the period in which the services are rendered by reference to the stage of completion of the transaction at the reporting date. The stage of completion is assessed on the basis of the actual services provided as a proportion of the total service to be provided.

# Notes to Consolidated financial statements

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

*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.

*Sale of Verified Emission Reductions (VERs) and Certified Emission Reductions (CERs)* : Revenue from sale of Verified Emission Reductions (VERs) and Certified Emission Reductions (CERs) is recognised on sale of eligible credits.

## 6.13 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.

#### **6.14 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 lessor*

Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer. Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Finance lease receivables are stated in the Balance sheet at the amount of the net investment in the lease being lower of their fair value and present value of the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease. Finance lease income is allocated to accounting periods so as to give a constant periodic rate of return before tax on the net investment. Unguaranteed residual values are subject to regular review to identify potential impairment.

If there has been a reduction in the estimated unguaranteed residual value, the income allocation is revised and any reduction in respect of amounts accrued is recognised immediately.

##### *Company as a lessee*

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

#### **6.15 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.

#### **6.16 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.

# Notes to Consolidated financial statements

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

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.

## 6.17 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.

## 6.18 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.

## 6.19 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.

## 6.20 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.

#### **Employees State Insurance Scheme**

Eligible employees of the Company are covered under "Employees State Insurance Scheme Act 1948", which are also defined contribution schemes recognized and administered by Government of India. The Company's contributions to these schemes are recognized as expense in statement of profit and loss or capitalised to Property, plant and equipment as the case may be 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.

### **6.21 Business combinations - common control transactions**

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
- The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is



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

presented separately from other capital reserves.

## 7 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.
- *Capitalisation of interest expenditure incurred on general borrowing funds used for construction of qualifying assets:* In respect of the general borrowed funds used for constructing a qualifying asset, management determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the average of the borrowing costs applicable to the general borrowings of the Group that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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.

## 8 Acquisition and Dilution - Change in control

### *Disposal of interest in Joint Operation*

During the year ended 31 March 2018, Group has disposed off its entire 49% stake in Sitapuram Power Limited, a Joint Venture entity for an aggregate consideration of Rs. 420 million. Pursuant to this Group has recognised a loss of Rs. 6.5 million on such sale and included in exceptional item.

### *Deconsolidation of Sai Wardha Power Generation Limited*

SWPGL Lenders on 28th April, 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 and in October 2017 has invoked the pledge shares. However, RBI notification dated 12th February, 2018 repealed all earlier debt restructuring schemes (including OSDR) thereby necessitating resolution under the new circular. Consequent to the invocation of pledge shares, the Group has derecognised the related carrying values of assets and liabilities of SWPGL and recognised investments retained in SWPGL in accordance with IND AS 28 - Investments in Associates and Joint Ventures, resulting in Group recording a net loss of Rs. 4,337.26 million, which has been included as an 'exceptional item' in the consolidated financial statements. The Group continue to carry remaining amount receivable of Rs. 2,061.11 million pursuant to the invocation and no provision has been considered in these financial statements by the management, as impact, if any, is currently unascertainable.

### *Deconsolidation of VS Lignite Power Private Limited*

VSLPPL 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

# Notes to Consolidated financial statements

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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. VSLPPL is in active discussion with lenders to work out resolution plan by way of change of control. The Group is of the opinion that even though the actual invocation of pledge shares did not take place, the Group is holding these shares on temporary basis and in fact has lost control on 29th August, 2017 itself where lenders have decided to implement change in management. Accordingly, the Group has deconsolidated VSLPPL and concluded that VSLPPL cease to be subsidiary of the Group. Pursuant to this, the Group has derecognised the related carrying values of assets and liabilities of VSLPPL and recognised investments retained in VSLPPL in accordance with IND AS 28 - Investments in Associates and Joint Ventures, resulting in Group recording a net loss of Rs. 261.64 million, which has been included as an 'exceptional item' in the consolidated financial statements. The Group continues to carry remaining amount receivable of Rs. 816 million and no provision has been considered in these financial statements by the management, as impact, if any, is currently unascertainable.

## *Deconsolidation of KSK Mahanadi Power Company Limited, its subsidiaries and associate*

The Group has made investment of Rs. 28,882.40 million in KSK Mahanadi Power Company Limited ('KMPCL') in the form of equity shares and advances. The Group has pledged certain shares with Power Finance Corporation Limited ('PFC') as Security Trustee for the financial assistance granted by lenders to KMPCL. Pursuant to the RBI Circular dated 12th February, 2018 and lenders decision on 27th March, 2018 to consider the change in management outside NCLT, during May 2018 lenders have accordingly invoked shares equivalent to Rs. 25,713.72 million in KMPCL held by the Group. Consequent to the above, the Group has derecognised the related carrying values of assets and liabilities of KMPCL along with its subsidiaries i.e. KSK Water Infrastructures Private Limited ('KWIPL'), Sai Power Pte Ltd ('SPPL') and associate i.e. Raigarh Champa Rail Infrastructure Private Limited ('RCRIPL') with effect from 27th March 2018. Pursuant to this, the residual investments retained in KMPCL is recognised in accordance with IND AS 28 - Investments in Associates and Joint Ventures, and a net gain of Rs. 13,011.62 million has been recorded as an 'exceptional item' in the consolidated financial statements. The Group continues to carry remaining advances and amount receivable pursuant to the invocation at carrying value and no provision has been considered in these financial statements by the management, as impact, if any, is currently

## 9 Subsidiaries, Joint arrangement and Associate

- Material subsidiaries and non-controlling interest (NCI)

Name of subsidiary	Principal place of business	Non-controlling interest (%)	
		31 March 2018	31 March 2017
SWPGL	India	-	19.33
VSLPPL	India	-	16.25
SRPCPL	India	26.08	26.08
KMPCL	India	-	18.71
<b>Profit / (loss) attributable to NCI</b>		<b>31 March 2018</b>	<b>31 March 2017</b>
SWPGL		(92.44)	(35.43)
VSLPPL		(181.64)	(258.54)
SRPCPL		(117.28)	42.21
KMPCL		(2,751.67)	(659.74)

Continued...

Equity attributable to NCI	31 March 2018	31 March 2017
SWPGL	-	(589.94)
VSLPPL	-	(330.24)
SRPCPL	780.98	898.43
KMPCL	-	6,386.45

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

31 March 2018	SRPCPL
Non-current assets	5,337.47
Current assets	2,813.35
Non-current liabilities	3,890.48
Current liabilities	1,265.77
<b>Net assets</b>	<b>2,994.57</b>
Carrying amount of NCI	780.98
Revenue	1,614.99
(Loss) / profit for the year	(449.69)
Other comprehensive income (OCI)	(0.62)
<b>Total comprehensive income</b>	<b>(450.31)</b>
(Loss) / profit attributable to NCI	(117.28)
OCI attributable to NCI	(0.16)
Cash flow from operating activities	646.17
Cash flow from investing activities	209.47
Cash flow from financing activities	(836.29)
<b>Net Increase / (decrease) in cash and cash equivalents</b>	<b>19.36</b>

31 March 2017	SWPGL	VSLPPL	SRPCPL	KMPCL
Non-current assets	29,260.23	8,290.31	5,740.15	188,269.65
Current assets	10,763.77	917.36	3,095.54	39,848.30
Non-current liabilities	25,249.39	8,244.84	4,132.82	160,697.80
Current liabilities	17,826.19	2,995.08	1,257.98	33,287.08
<b>Net assets</b>	<b>(3,051.58)</b>	<b>(2,032.25)</b>	<b>3,444.89</b>	<b>34,133.07</b>
Carrying amount of NCI	(589.94)	(330.24)	898.43	6,386.45
Revenue	5,387.30	664.52	1,614.93	30,739.10
(Loss) / profit for the year	(183.25)	(1,591.01)	161.86	(3,526.06)
Other comprehensive (loss) / income	1.17	0.15	0.39	(3.09)
<b>Total comprehensive (loss) / income</b>	<b>(182.08)</b>	<b>(1,590.86)</b>	<b>162.25</b>	<b>(3,529.15)</b>
(Loss) / profit attributable to NCI	(35.43)	(258.54)	42.21	(659.74)
OCI attributable to NCI	0.23	0.02	0.10	(0.58)

Continued...

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31 March 2017	SWPGL	VSLPPL	SRPCPL	KMPCL
Cash flow from operating activities	2,905.91	273.94	616.57	3,481.31
Cash flow from investing activities	204.25	33.60	(1,807.76)	(11,794.30)
Cash flow from financing activities	(3,102.77)	(368.32)	1,163.71	8,367.04
<b>Net Increase / (decrease) in cash and cash equivalents</b>	7.39	(60.78)	(27.48)	54.05

### ● Associates

Particulars	KMPCL		RCRIPL	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Non-current assets	209,843.03	-	-	4,631.53
Current assets	47,593.60	-	-	176.06
Non-current liabilities	175,775.70	-	-	3,554.63
Current liabilities	63,140.60	-	-	66.29
<b>Net assets</b>	<b>18,520.33</b>	-	-	<b>1,186.67</b>
Revenue	-	-	-	33.00
(Loss) / profit for the year	-	-	-	(112.53)
Other comprehensive income (OCI)	-	-	-	3.33
<b>Total comprehensive income</b>	-	-	-	<b>(109.20)</b>
Cash flow from operating activities	-	-	-	(40.37)
Cash flow from investing activities	-	-	-	(7.82)
Cash flow from financing activities	-	-	-	(98.00)
<b>Net Increase / (decrease) in cash and cash equivalents</b>	-	-	-	(146.19)

Group share of losses in VS Lignite and Sai Wardha exceeds the carrying value of investment, accordingly further losses have not been considered in the consolidated financial statement.

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## 10 Property plant and equipment

	Land-Freehold	Buildings	Plant & Equipment	Railway siding	Furniture & fixtures	Vehicles	Office equipment	Computer	Total	Capital work in progress
<b>Gross carrying amount</b>										
As at 1 April 2016	2,196.57	21,409.51	112,433.34	3,952.63	55.30	47.78	88.20	21.37	140,204.70	56,662.11
Additions	0.02	149.81	1,078.71	-	1.47	6.60	0.76	0.13	1,237.50	26,396.73
Deletions	(0.90)	-	(58.42)	-	-	(0.94)	-	-	(60.26)	-
Business combination	44.40	321.85	5,630.99	-	0.02	0.19	0.32	-	5,997.77	-
Adjustments *	-	(68.85)	(350.81)	(11.75)	-	-	-	-	(431.41)	-
<b>As at 31 March 2017</b>	<b>2,240.09</b>	<b>21,812.32</b>	<b>118,733.81</b>	<b>3,940.88</b>	<b>56.79</b>	<b>53.63</b>	<b>89.28</b>	<b>21.50</b>	<b>146,948.30</b>	<b>83,058.84</b>
As at 1 April 2017	2,240.09	21,812.32	118,733.81	3,940.88	56.79	53.63	89.28	21.50	146,948.30	83,058.84
Additions	-	4,877.93	51,655.15	46.73	0.61	10.37	0.82	0.26	56,591.87	28,778.32
Deletions	(6.03)	(8.42)	(11.05)	-	-	(8.12)	-	-	(33.62)	(55,906.69)
Disposal of Subsidiaries/ Joint operation (refer note 8)	(2,202.13)	(25,943.46)	(165,089.24)	(3,987.93)	(44.17)	(40.66)	(71.25)	(16.31)	(197,395.15)	(48,826.86)
Adjustments *	-	2.93	39.32	0.32	-	0.01	0	-	42.58	-
<b>As at 31 March 2018</b>	<b>31.93</b>	<b>741.30</b>	<b>5,327.99</b>	<b>0.00</b>	<b>13.23</b>	<b>15.23</b>	<b>18.85</b>	<b>5.45</b>	<b>6,153.98</b>	<b>7,103.61</b>
<b>Accumulated depreciation &amp; impairment</b>										
As at 1 April 2016	-	699.96	4,487.66	142.96	11.33	11.78	35.83	7.36	5,396.88	-
For the year	-	913.34	5,601.00	197.85	7.38	10.85	22.89	5.68	6,758.99	-
Business combination	-	9.84	179.16	-	-	0.03	0.15	-	189.18	-
Adjustments / Deletions	-	-	(58.57)	-	-	(0.45)	-	-	(59.02)	-
<b>As at 31 March 2017</b>	<b>-</b>	<b>1,623.14</b>	<b>10,209.25</b>	<b>340.81</b>	<b>18.71</b>	<b>22.21</b>	<b>58.87</b>	<b>13.04</b>	<b>12,286.03</b>	<b>-</b>
As at 1 April 2017	-	1,623.14	10,209.25	340.81	18.71	22.21	58.87	13.04	12,286.03	-
For the year	-	814.37	5,066.20	72.28	7.35	7.3	10.17	3.10	5,980.77	-
Disposal of Subsidiaries/ Joint operation (refer note 8)	-	(2,297.95)	(14,396.75)	(413.09)	(11.63)	(18.50)	(47.82)	(9.88)	(17,195.62)	-
Adjustments / Deletions	-	(1.41)	(2.63)	-	(5.19)	(5.11)	(3.33)	(1.20)	(18.87)	-
Impairment loss (refer note 44)	-	-	0.92	-	1.23	0.45	0.03	-	2.63	5,194.70
<b>As at 31 March 2018</b>	<b>-</b>	<b>138.15</b>	<b>876.99</b>	<b>0.00</b>	<b>10.47</b>	<b>6.35</b>	<b>17.92</b>	<b>5.06</b>	<b>1,054.94</b>	<b>5,194.70</b>
<b>Net book value</b>										
As at 31 March 2017	2,240.09	20,189.18	108,524.56	3,600.07	38.08	31.42	30.41	8.46	134,662.27	83,058.84
As at 31 March 2018	31.93	603.15	4,451.00	0.00	2.76	8.88	0.93	0.39	5,099.04	1,908.91

Property, plant and equipment with a carrying amount of Rs. 7,007.96 (31 March 2017: Rs 217,721.11) is subject to security restrictions (refer note 21)

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

# Notes to Consolidated financial statements

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

## 11 Goodwill and Intangible assets

	Goodwill	Computer software	Mining Asset	Total	Intangible assets under development
<b>Gross carrying amount</b>					
As at 1 April 2016	1,955.69	7.85	1,437.15	3,400.69	33.31
Additions	-	0.32	0.54	0.86	-
Transfer	-	1.20	-	1.20	(1.20)
Business combination	-	0.37	-	0.37	-
<b>As at 31 March 2017</b>	<b>1,955.69</b>	<b>9.74</b>	<b>1,437.69</b>	<b>3,403.12</b>	<b>32.11</b>
As at 1 April 2017	1,955.69	9.74	1,437.69	3,403.12	32.11
Additions	-	1.22	-	1.22	-
Disposal of Subsidiaries/ Joint operation (refer note 8)	(1,595.11)	(8.63)	(1,437.69)	(3,041.43)	(30.57)
<b>As at 31 March 2018</b>	<b>360.58</b>	<b>2.33</b>	<b>-</b>	<b>362.91</b>	<b>1.54</b>
<b>Accumulated amortisation &amp; impairment</b>					
As at 1 April 2016	-	5.24	61.84	67.08	-
For the year	-	2.68	61.04	63.72	-
Business combination	-	0.17	-	0.17	-
<b>As at 31 March 2017</b>	<b>-</b>	<b>8.09</b>	<b>122.88</b>	<b>130.97</b>	<b>-</b>
As at 1 April 2017	-	8.09	122.88	130.97	-
For the year	-	0.51	16.47	16.98	-
Disposal of Subsidiaries/ Joint operation (refer note 8)	-	(6.84)	(139.35)	(146.19)	-
Adjustments / Deletions	-	-	-	-	-
Impairment loss (refer note 44)	360.58	-	-	360.58	-
<b>As at 31 March 2018</b>	<b>360.58</b>	<b>1.76</b>	<b>-</b>	<b>362.34</b>	<b>-</b>
<b>Net book value</b>					
As at 31 March 2017	1,955.69	1.65	1,314.81	3,272.15	32.11
As at 31 March 2018	-	0.57	-	0.57	1.54

Intangible assets with a carrying amount of Rs. 2.11 (31 March 2017: Rs 1,348.03) is subject to security restrictions (refer note 21)

The goodwill acquired through business combinations have been allocated to the following cash generating units of the Group, for impairment testing as follows:

	As at	
	31 March 2018	31 March 2017
Sai Regency Power Corporation Private Limited (refer note 44)	-	155.75
Sitapuram Power Limited (refer note 8)	-	93.83
Sai Lilagar Power Generation Limited (refer note 44)	-	204.11
VS Lignite Power Private Limited (refer note 8)	-	376.76
Sai Wardha Power Generation Limited (refer note 8)	-	1,117.02
KSK Mahanadi Power Company Limited (refer note 8)	-	7.50
KSK Surya Photovoltaic Venture Limited (refer note 44)	-	0.72
<b>Total</b>	<b>-</b>	<b>1,955.69</b>

## 12 Investments

	As at	
	31 March 2018	31 March 2017
<b>Non-current investments</b>		
<b>Investment in equity instruments</b>		
<b>At fair value through other comprehensive income</b>		
<i>(quoted, fully paid up)</i>		
364,418 (31 March 2017: 364,418) Equity shares of Thiru Arooran Sugars Limited	11.24	21.03
<i>(unquoted, fully paid up)</i>		
3,636,363 (31 March 2017: 3,636,363) Equity shares of Terra Energy Limited	160.00	160.00
Less: Impairment in the value of investment	(160.00)	-
100,000 (31 March 2017: 100,000) Equity shares of KSK Green Energy Pte. Ltd	6.26	6.26
81,600,009 (31 March 2017: Nil) Equity shares of VS Lignite Power Private Limited (refer note 8)	816.00	-
<b>Investment In Associates under equity method</b>		
<i>(unquoted, fully paid up )</i>		
Nil (31 March 2017: 65,018,090) Equity shares of Raigarh Champa Rail Infrastructure Private Limited	-	581.47
411,218,789 (31 March 2017: Nil) Equity shares of KSK Mahanadi Power Company Limited	2,109.96	-
<b>Investment in preference instruments</b>		
<b>Investment In Associates under equity method</b>		
<i>(unquoted, fully paid up)</i>		
Sai Wardha Power Generation Limited	3,958.55	-
VS Lignite Power Private Limited	985.00	-
Less: share in loss of associates	(4,943.55)	-

# Notes to Consolidated financial statements

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

	As at	
	31 March 2018	31 March 2017
<b>Investment In Joint Operation</b>		
<b>At amortised cost</b>		
(unquoted, fully paid up)		
Sitapuram Power Limited	-	99.50
	<b>2,943.46</b>	<b>868.26</b>
<b>Current investments</b>		
<b>At amortised cost</b>		
(quoted, fully paid up)		
213,975,399.05 (31 March 2017: 33,812,595.652) units in IDFC Ultra Short Term Fund - Daily Dividend - (Direct Plan)	213.98	341.88
	<b>213.98</b>	<b>341.88</b>
	<b>3,157.44</b>	<b>1,210.14</b>
Aggregate amount of quoted investments	269.79	397.69
Aggregate market value of quoted investments	225.22	362.91
Aggregate amount of unquoted investments	2,932.22	847.23
Aggregate amount of impairment in the value of investments	160.00	-

## 13 Trade receivables

	As at	
	31 March 2018	31 March 2017
<b>Non current</b>		
Unsecured, considered good	-	99.44
	-	<b>99.44</b>
<b>Current</b>		
Secured, considered good	37.68	701.30
Unsecured, considered good	603.18	28,836.51
Less: Share in loss of associates	(327.89)	-
	<b>312.97</b>	<b>29,537.81</b>
	<b>312.97</b>	<b>29,637.25</b>

- (i) Trade receivable are interest bearing and are generally due within 1-60 days terms.
- (ii) Trade receivable of Rs. 312.97 (31 March 2017: Rs. 29,637.25) for the Group have been pledged as security for borrowings (refer note 21)
- (iii) The Company is having majority of receivables from companies that are well established in reputed industries engaged in their respective field of business. Hence they are secured from credit losses in the future.



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

	31 March 2018	31 March 2017
Opening balance	-	145.86
Impairment loss recognised	1,823.33	583.45
Amount written off	1,823.33	729.31
Closing balance	-	-

#### 14 Loans

	As at	
	31 March 2018	31 March 2017
<b>Non Current</b>		
<i>Unsecured, considered good</i>		
Security deposits	25.29	2,129.39
	<b>25.29</b>	<b>2,129.39</b>
<b>Current</b>		
<i>Unsecured, considered good</i>		
Loans and advances	5,055.96	3,551.21
Less: Share in loss of associates	(2,258.79)	-
Security deposits	46.84	2,603.10
<i>Unsecured, doubtful</i>		
Loans and advances & security deposits	138.49	75.00
Less: Provision for doubtful advances/deposits	(138.49)	(37.50)
	<b>2,844.01</b>	<b>6,191.81</b>
	<b>2,869.30</b>	<b>8,321.20</b>

#### 15 Other financial assets

	As at	
	31 March 2018	31 March 2017
<b>Non Current</b>		
<i>Unsecured, considered good</i>		
Advance for investment	1,423.71	756.33
Less: Share in loss of associate	(1,344.10)	-
Balances with banks	5.82	588.52
Interest accrued	0.38	218.95
	<b>85.81</b>	<b>1,563.80</b>

Continued...

# Notes to Consolidated financial statements

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

	As at	
	31 March 2018	31 March 2017
<b>Current</b>		
<i>Unsecured, considered good</i>		
Interest accrued	80.53	215.70
Less: Share in loss of associates	(58.94)	-
Other receivables (refer note 8)	27,866.65	117.24
<i>Unsecured, Doubtful</i>		
Other receivables	20.62	-
Less: Provision for doubtful receivables	(20.62)	-
	<b>27,888.24</b>	<b>332.94</b>
	<b>27,974.05</b>	<b>1,896.74</b>

The Company has pledged its deposits with banks amounting to Rs. 5.82 (31 March 2017: Rs. 588.52) in order to fulfill collateral requirements.

## 16 Other assets

	As at	
	31 March 2018	31 March 2017
<b>Non-current</b>		
Capital advances	74.21	4,762.71
Advance tax	113.33	475.43
Prepaid expenses	12.47	772.33
Prepaid lease rentals	73.30	2,406.76
Balances with statutory authorities	26.88	1,070.54
Other assets	-	1.47
	<b>300.19</b>	<b>9,489.24</b>
<b>Current</b>		
Advance for supplies / expenses	2,068.62	5,048.21
Balances with statutory authorities	6.24	43.37
Prepaid expenses	10.39	191.74
Prepaid lease rentals	1.32	25.83
Unbilled revenue	20.97	28.00
Claims receivable	8.97	6,746.46
<i>Unsecured, Doubtful</i>		
Capital / other advances	395.47	37.99
Less: Provision for doubtful advances	(395.47)	(37.99)
	<b>2,116.51</b>	<b>12,083.61</b>
	<b>2,416.70</b>	<b>21,572.85</b>

## 17 Inventories

	As at	
	31 March 2018	31 March 2017
(At lower of cost or net realisable value)		
Fuel	151.26	353.21
Stores and spares	216.07	1,500.08
Stores and spares-in-transit	-	12.59
	<b>367.33</b>	<b>1,865.88</b>

Inventory of Rs. 367.33 (31 March 2017: Rs. 1,865.88) for the Group is subject to security restrictions (refer note 21)

## 18 Cash and cash equivalents

	As at	
	31 March 2018	31 March 2017
Cash on hand	0.66	2.81
Draft on hand	0.02	156.63
Balances with banks; On current account	166.81	1,070.50
	<b>167.49</b>	<b>1,229.94</b>

## 19 Other bank balances

	As at	
	31 March 2018	31 March 2017
Deposits with bank held as margin money or security against guarantees or borrowings	323.77	5,347.73
Deposit having maturity of more than three months	2.63	2.46
	<b>326.40</b>	<b>5,350.19</b>

## 20 Share capital

	As at	
	31 March 2018	31 March 2017
<b>Issued, subscribed and paid up</b>		
423,985,774 (31 March 2017: 423,985,774) equity shares of Rs.10/- each fully paid up.	4,239.86	4,239.86
	<b>4,239.86</b>	<b>4,239.86</b>

- a The company has only one class of equity shares having a par value of Rs. 10/- per share. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of shareholders.

# Notes to Consolidated financial statements

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

## b Reconciliation of number of shares outstanding

	As at	
	31 March 2018	31 March 2017
<b>Equity shares</b>		
Outstanding at the beginning of the year	423,985,774	423,985,774
Issued during the year	-	-
Outstanding at the end of the year	<b>423,985,774</b>	<b>423,985,774</b>

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

Particulars	As at	
	31 March 2018	31 March 2017
Holding company		
No of shares held	111,545,854	157,191,147
% of shares held	26.31%	37.07%
Subsidiaries of holding company		
No of shares held	38,916,229	87,992,881
% of shares held	9.18%	20.76%

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

Name of the shareholder	As at	
	31 March 2018	31 March 2017
Equity shares fully paid up		
KSK Energy Limited		
No of shares held	111,545,854	157,191,147
% of shares held	26.31%	37.07%
KSK Energy Company Private Limited		
No of shares held	19,299,310	68,375,962
% of shares held	4.55%	16.13%
HDFC Trustee Company Limited		
No of shares held	38,135,599	38,145,028
% of shares held	8.99%	9.00%

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## 21 Borrowings

	As at	
	31 March 2018	31 March 2017
<b>Non Current</b>		
<i>Secured</i>		
Debentures	1,999.50	1,999.38
Term loans		
Rupee loans from banks	4,388.37	116,117.10
Rupee loans from others	2,888.57	64,535.30
Foreign currency loans	-	19,865.99
Hire purchase loan	3.09	1.96
<i>Unsecured</i>		
Preference Shares	-	287.19
Debentures	1,167.58	1,165.15
Deferred payment liabilities	-	50.71
	<b>10,447.11</b>	<b>204,022.78</b>
<b>Current</b>		
<i>Secured</i>		
Loans repayable on demand		
From banks	4,220.29	15,695.77
Foreign currency loans	-	2,186.47
Loans against letters of credit	-	1,827.31
Loan against deposit	547.30	1,413.00
<i>Unsecured</i>		
Loans repayable on demand		
From related parties	876.73	549.04
From others	3,714.66	783.76
	<b>9,358.98</b>	<b>22,455.35</b>
	<b>19,806.09</b>	<b>226,478.13</b>

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

#### KSK Energy Ventures Limited

Rupee term loans from others are secured by first pari-passu charge by way of mortgage/hypothecation of all movable and immovable properties of Sai Lilagar Power Generation Limited and KSK Surya photovoltaic Venture Limited, Mortgage of 95.48 HA land of VS Lignite Power Private Limited. Further these loans are secured by pledge of certain equity shares of the Company held by KSK Energy Limited, the holding company and corporate guarantee given by KSK Energy Limited and VS Lignite Power Private Limited.

Loans repayable on demand are secured by first pari-passu charge on fixed assets, current assets of the Company and corporate guarantee of KSK Power Ventur plc.

# Notes to Consolidated financial statements

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

Some of the lenders have recalled the loan given to the Company and has issued notice for possession of underlying securities on account of non-payment of overdue amount. The Company would seek to take appropriate steps, for addressing the same. Notwithstanding of above, pending resolution, classification of borrowings into Non current and current is done based on original terms of sanctions.

## Sai Lilagar Power Generation Limited

Rupee term loans from bank is secured by way of mortgage of all movable and immovable assets. Pledge of certain equity shares of KSK Mahanadi Power Company Limited, VS Lignite Power Private Limited, KSK Electricity Financing India Private Limited and Sai Regency Power Corporation Private Limited. Further, the loan is also secured by pledge of certain fully paid up class A shares of the Company and Corporate Guarantee of KSK Energy Ventures Limited.

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

## Sai Regency Power Corporation Private Limited

Rupee term loans from banks are secured by pari-passu charge by way of mortgage on all company's immovable properties and hypothecation of movable properties. Pledge of certain equity shares of the company held by KSK Electricity Financing India Private Limited.

Loans repayable on demand are secured by first pari-passu charge on the entire current assets of the company including receivables, stores and spares and other current assets.

Hire purchase loan is secured by pledge of vehicle purchased.

## Sai Maithili Power Company Private Limited

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

Hire purchase loan is secured by pledge of vehicle purchased.

## KSK Electricity Financing India Private Limited

Debentures are secured by way of mortgage of land and pledge of certain equity shares of KSK Energy Ventures Limited.

### b Loan against deposits are secured by pledge of deposits.

### c Repayment terms of long-term borrowings

S No	Name of the Company	Amount outstanding included in		Repayment terms
		Long term borrowings	Other current liability	
<b>Debentures</b>				
1	KSK Electricity Financing India Private Limited	1,999.50	-	The debentures are repayable equally in Mar 2021 and Mar 2022. The debentures carry an internal rate of return of 17% p.a
2	KSK Electricity Financing India Private Limited	10.26	-	The debentures are optionally convertible into equity shares of Rs 10 /- each within ten years. The coupon rate of interest is 0.00% p.a.

Continued...

S No	Name of the Company	Amount outstanding included in		Repayment terms
		Long term borrowings	Other current liability	
3	Sai Regency Power Corporation Private Limited	1,039.00	-	Non convertible debentures are redeemable by 18 Aug 2021. These debentures carry interest of 21% out of 12% payable quarterly and balance interest at maturity.
4	KSK Wind Energy Private Limited	90.88	-	The debentures are optionally convertible into equity shares of Rs 10 /- each after five years and redeemable at the end of ten years from the date of allotment. The coupon rate of interest is 0.01% p.a.
5	KSK Surya Photovoltaic Venture Limited	27.44	-	The debentures are optionally convertible into equity shares of Rs 10 /- each within ten years. The coupon rate of interest is 0.00% p.a.
<b>Term loan</b>				
1	KSK Energy Ventures Limited	2,585.34	2,946.97	The long term Rupee loans are repayable in quarterly yearly instalments with the last instalment of respective loans are payable upto to Nov 2024. The long term borrowings carries an weighted average rate of interest of 16.26 % p.a.
2	Sai Lilagar Power Generation Limited	1,402.11	330.18	The long term rupee loan is repayable in quarterly instalments with the last installment payable in October 2025. The loans carry a weighted average interest rate of 12.63% p.a.
3	Sai Regency Power Corporation Private Limited	2,647.92	541.92	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable by March 2027. These loans carry a weighted average interest rate of 12.20% p.a.
4	Sai Maithili Power Company Private Limited	641.57	68.20	The long term Rupee loan is repayable by August 2031, in monthly and quarterly installments. These loans carries a weighted average rate of interest of 13.66% p.a.
<b>Hire purchase loan</b>				
1	Sai Maithili Power Company Private Limited	1.44	0.51	Hire purchase loan is repayable in monthly installment, with last installment due in August 2021. The loan carries weighted average interest rate of 9.4%.
2	Sai Regency Power Corporation Private Limited	1.65	0.55	Hire purchase loan is repayable in monthly installment, with last installment due in August 2022. The loan carries weighted average interest rate of 9.15%.

# Notes to Consolidated financial statements

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

## 22 Trade payable

	As at	
	31 March 2018	31 March 2017
Trade payable	2,586.54	12,248.01
	<b>2,586.54</b>	<b>12,248.01</b>

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

## 23 Other Financial liabilities

	As at	
	31 March 2018	31 March 2017
<b>Non Current</b>		
Interest accrued	846.64	843.00
	<b>846.64</b>	<b>843.00</b>
<b>Current</b>		
Current maturities of long-term debt	3,887.28	4,465.01
Current maturities of finance lease obligation	1.06	0.46
Interest accrued	2,449.61	8,033.67
Creditor for capital goods (including retention money)	305.12	13,748.22
Share application money in subsidiary held by others	-	32.40
Finance charges payable	-	789.54
Salary and bonus payable	46.96	355.11
Advance received against sale of financial instruments	-	2,137.60
Other liabilities	5,554.61	4,798.49
	<b>12,244.64</b>	<b>34,360.50</b>
	<b>13,091.28</b>	<b>35,203.50</b>

## 24 Derivative liabilities

	As at	
	31 March 2018	31 March 2017
<b>Non Current</b>		
Premium payable	-	781.19
Interest rate swap	-	115.18
	-	<b>896.37</b>
<b>Current</b>		
Premium payable	-	470.25
Forward cover	-	25.20
	-	<b>495.45</b>
	-	<b>1,391.82</b>



## 25 Provisions

	As at	
	31 March 2018	31 March 2017
<b>Non Current</b>		
For employee benefits (refer note a)	7.34	73.63
Provision for Decommissioning cost (refer note b)	-	542.95
	<b>7.34</b>	<b>616.58</b>

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

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

### Net benefit liability

	As at	
	31 March 2018	31 March 2017
Defined benefit obligation	27.99	156.01
Fair value of plan assets	(24.73)	(87.80)
Net Asset / (Liability)*	(3.26)	(68.21)

\*Represents net of benefit asset of Rs. 4.08 (31 March 2017: Rs. 5.42)

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

	As at	
	31 March 2018	31 March 2017
Defined benefit obligation as at the beginning of the year	156.01	123.16
<b>Included in Consolidated income statement</b>		
Current service cost	14.34	22.58
Past service cost	25.40	-
Interest cost	8.08	9.77
	<b>47.82</b>	<b>32.35</b>
<b>Included in Consolidated other comprehensive income</b>		
<b>Re-measurement loss / (gain)</b>		
Re-measurement (or Actuarial) (gain) / loss arising from:		
change in financial assumptions	(7.03)	8.09
experience variance (i.e. Actual experience vs assumptions)	6.14	(5.51)
	<b>(0.89)</b>	<b>2.57</b>
<b>Others</b>		
Acquisition of subsidiaries	-	4.51
Disposal of subsidiaries/Joint operation (refer note 8)	(154.28)	-
Benefits paid	(20.67)	(6.58)
	<b>(174.95)</b>	<b>(2.07)</b>
<b>Defined benefit obligation as at the end of the year</b>	<b>27.99</b>	<b>156.01</b>

# Notes to Consolidated financial statements

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

## Changes in the fair value of plan assets are as follows

	As at	
	31 March 2018	31 March 2017
<b>Fair value of plan assets</b>		
Fair value of plan assets beginning of the year	87.80	69.55
<b>Included in Consolidated income statement</b>		
Interest income	5.47	5.80
	<b>5.47</b>	<b>5.80</b>
<b>Included in other comprehensive income</b>		
<b>Re-measurement loss / (gain)</b>		
Return on plan asset (excluding amounts included in net interest expense)	1.74	0.48
	<b>1.74</b>	<b>0.48</b>
<b>Others</b>		
Acquisition of subsidiaries	-	1.29
Disposal of subsidiaries/Joint operation (refer note 8)	(74.29)	-
Contributions	24.68	17.25
Benefits paid	(20.67)	(6.58)
	(70.28)	11.97
<b>Fair value of plan assets end of the year</b>	<b>24.73</b>	<b>87.80</b>

## Net defined benefit liability (asset)

	As at	
	31 March 2018	31 March 2017
Balance	68.21	53.61
<b>Included in Consolidated income statement</b>		
Current service cost	14.34	22.58
Past Service Cost - non vested benefits	25.40	-
Interest cost / (income)	2.61	3.96
Expenses Recognised in the Income Statement	42.35	26.54
<b>Re-measurement loss / (gain)</b>		
Actuarial (gains) on obligation		
change in financial assumptions	(7.03)	8.09
experience variance (i.e. Actual experience vs assumptions)	6.14	(5.51)
Return on plan asset (excluding amounts included in net interest expense)	(1.74)	(0.48)
	(2.63)	2.10

Continued...

	As at	
	31 March 2018	31 March 2017
<b>Others</b>		
Acquisition of subsidiaries	-	3.22
Disposal of subsidiaries/Joint operation (refer note 8)	(79.99)	-
Contributions by employer	(24.68)	(17.25)
Benefits paid	-	-
	(104.67)	(14.04)
<b>Defined benefit obligation as at the end of the year</b>	<b>3.26</b>	<b>68.21</b>

**Asset information**

Category of Assets	As at	
	31 March 2018	31 March 2017
Insurer managed funds	100%	100%

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

	As at	
	31 March 2018	31 March 2017
Discount rate	7.80%	7.45%
Rate of increase in compensation levels	10.00%	10.00%

**Sensitivity analysis**

	31 March 2018		31 March 2017	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1% movement)	3.21	(2.70)	26.09	(21.18)
Salary growth Rate (-/+ 1% movement)	(2.14)	2.25	(15.34)	14.69

**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**

	As at
	31 March 2018
Opening balance	542.95
Unwinding of discount	9.87
Disposal of subsidiary (refer note 8)	(552.82)
Closing balance	-

A provision has been recognised for restoration costs associated with mining land. The unwinding of the discount on the restoration provision is included as a finance costs and the discount rate assumed is 7.6%.

# Notes to Consolidated financial statements

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

## 26 Other liabilities

	As at	
	31 March 2018	31 March 2017
<b>Non Current</b>		
Deferred revenue	-	217.22
Other Liabilities	15.56	457.83
	<b>15.56</b>	<b>675.05</b>
<b>Current</b>		
Deferred revenue	4.00	27.61
Statutory Liabilities	234.87	969.96
	<b>238.87</b>	<b>997.57</b>
	<b>254.43</b>	<b>1,672.62</b>

## 27 Deferred tax (liability) / assets

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

	1 April 2017	Recognised in the income statement	Recognised in other comprehensive income	Others	31 March 2018
<i>Deferred income tax assets</i>					
Property, plant and equipment	5.78	(5.78)	-	-	-
Unused tax losses carried forward	19,667.70	3,016.64	-	(22,343.20)	341.14
MAT credit	699.29	(57.29)	-	(58.51)	583.49
Others	8.67	(0.62)	0.62	(8.67)	-
	<b>20,381.44</b>	<b>2,952.95</b>	<b>0.62</b>	<b>(22,410.38)</b>	<b>924.63</b>
<i>Deferred income tax liabilities</i>					
Property, plant and equipment	8,908.04	1,417.84	-	(9,640.74)	685.14
Others	313.88	(21.11)	-	(288.58)	4.19
	<b>9,221.92</b>	<b>1,396.73</b>	<b>-</b>	<b>(9,929.32)</b>	<b>689.33</b>
<i>Deferred income tax asset, net</i>	<b>11,159.52</b>	<b>1,556.22</b>	<b>0.62</b>	<b>(12,481.06)</b>	<b>235.30</b>

	1 April 2016	Recognised in the income statement	Recognised in other comprehensive income	Others	31 March 2017
<i>Deferred income tax assets</i>					
Property, plant and equipment	5.78	-	-	-	5.78
Unused tax losses carried forward	17,253.42	1,982.54	-	431.74	19,667.70
MAT credit	633.17	66.12	-	-	699.29
Others	90.42	(84.36)	1.02	1.59	8.67
	<b>17,982.79</b>	<b>1,964.30</b>	<b>1.02</b>	<b>433.33</b>	<b>20,381.44</b>
<i>Deferred income tax liabilities</i>					
Property, plant and equipment	8,218.72	312.60	-	376.72	8,908.04
Others	81.46	232.42	-	-	313.88
	<b>8,300.18</b>	<b>545.02</b>	<b>-</b>	<b>376.72</b>	<b>9,221.92</b>
Deferred income tax asset, net	<b>9,682.61</b>	<b>1,419.28</b>	<b>1.02</b>	<b>56.61</b>	<b>11,159.52</b>

Certain group companies are entitled to avail exemption under section 80IA of the Income Tax Act, 1961 from income tax on profits of business. Based on the assessment of the Company, deferred tax as on 31 March 2018 has been recognized only to the extent the timing differences arising in the current period which does not get reversed within the tax holiday period.

In assessing the realisability of the deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of the deferred income tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realize the benefits of those recognised deductible differences and tax loss carry forwards. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced.

The Group has tax losses in certain entities which arose in India of Rs. 7,677.78 (2017: Rs. 7,670.56) that are available for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have been loss-making for some time. The Group evaluated and concluded that it is not probable that deferred tax assets on existing tax losses will be recovered. The subsidiaries have no taxable temporary differences available that could partly support the recognition of these losses as deferred tax assets. If the Group were able to recognise all unrecognised deferred tax assets, loss would decrease by Rs. 2,638.36 (2017: Rs. 2,654.63).

As at 31 March 2018 and 31 March 2017, there was no recognised deferred tax liability that would be payable on the unremitted earnings of certain of the Group's subsidiaries

The Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future

The temporary differences associated with investments in subsidiaries and associates, for which deferred tax liability has not

# Notes to Consolidated financial statements

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

been recognised aggregate to Rs. 2,850.65 (31 March 2017: Rs. 5,113.04)

## Tax Reconciliation

	31 March 2018	31 March 2017
Accounting profit / (loss) before tax	(18,617.64)	(8,288.35)
Enacted tax rates	34.608%	34.608%
Tax on Profit at enacted rates	(6,443.19)	(2,868.43)
Expenditure not deductible for tax purpose	138.85	272.39
Income exempted or taxed at lower rates	(125.48)	(133.01)
Unrecognised deferred tax assets, net	4,634.01	1,529.67
Change in unrecognised temporary differences	317.90	0.02
Others	(125.81)	(161.49)
<b>Actual tax expense</b>	<b>(1,603.72)</b>	<b>(1,360.85)</b>

## 28 Revenue from operations

	Year ended	
	31 March 2018	31 March 2017
Sale of electricity	31,455.95	39,356.93
Corporate support service fees	1.64	18.89
Other operating income	32.58	10.01
	<b>31,490.17</b>	<b>39,385.83</b>

## 29 Other income

	Year ended	
	31 March 2018	31 March 2017
Interest income		
on financial instruments	259.50	803.27
on others	38.59	40.21
Dividend income from investment measured at amortised cost	13.29	13.57
Profit on sale of fixed assets, net	2.64	14.59
Insurance claim	-	311.02
Gain on derivatives instruments - FVTPL	2.53	-
Foreign exchange gain, net	330.78	279.24
Deferred revenue amortisation	5.67	21.27
Unwinding of discount on deposits and receivables	90.90	127.85
Miscellaneous income	28.43	22.62
Net gain on disposal of investments through profit and loss account	7.95	-
	<b>780.28</b>	<b>1,633.64</b>

**30 Cost of fuel consumed**

	Year ended	
	31 March 2018	31 March 2017
Coal	17,967.95	18,715.88
Lignite	9.84	361.99
Natural gas	780.44	764.40
Others	256.44	116.28
	<b>19,014.67</b>	<b>19,958.55</b>

**31 Employee benefit expenses**

	Year ended	
	31 March 2018	31 March 2017
Salaries, wages and bonus	740.56	1,023.54
Contribution to provident and other funds (refer note 25(a))	58.86	45.62
Staff welfare expenses	36.64	49.53
	<b>836.06</b>	<b>1,118.69</b>

**32 Finance costs**

	Year ended	
	31 March 2018	31 March 2017
Interest expense	21,155.21	20,247.90
Other borrowing cost	575.46	1,244.43
Loss on derivatives instruments - FVTPL	-	283.34
Unwinding of Discount	112.13	169.44
	<b>21,842.80</b>	<b>21,945.11</b>

The borrowing cost attributable to the acquisition or construction of fixed assets amounting to Rs. 11,678.99 (31 March 2017: Rs. 9,519.50) has been capitalised.

**33 Other expenses**

	Year ended	
	31 March 2018	31 March 2017
Consumption of stores and spares	268.77	457.32
Operation and maintenance expenses	1,546.21	1,929.61
Cost of import power	45.56	106.98
Raw water charges	187.20	342.13
Rent	94.11	127.32
Rates and taxes	25.33	466.84
Travel and conveyance	80.04	94.51
Insurance charges	187.26	177.94

*Continued...*

# Notes to Consolidated financial statements

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

	Year ended	
	31 March 2018	31 March 2017
Legal and professional charges	87.43	93.91
Generation, transmission and selling expenses	95.22	426.16
Remuneration to auditors	9.92	9.25
Repairs and maintenance		
plant and equipment	55.55	56.04
building	9.73	7.19
others	154.58	185.86
Bad debts / receivables written off	2,115.47	583.45
Provision for doubtful debts / receivables	37.50	18.75
Corporate social responsibility	10.54	31.88
Freight outward	246.98	167.30
Loss on sale of fixed assets	-	0.03
Miscellaneous expenses	139.78	235.49
	<b>5,397.18</b>	<b>5,517.96</b>

## 34 Other Comprehensive Income

	Year ended	
	31 March 2018	31 March 2017
<b>Items that will not be reclassified to profit or loss</b>		
Gain / loss on financial instruments at fair value through OCI	(9.78)	(1.66)
Remeasurements of the defined benefit plans	(2.67)	3.26
Income tax relating to above	0.62	1.02
	<b>(11.83)</b>	<b>2.62</b>
<b>Items that may be reclassified to profit or loss</b>		
Foreign currency translation differences	7.23	(1.28)
	<b>7.23</b>	<b>(1.28)</b>
	<b>(4.60)</b>	<b>1.34</b>

## 35 Contingent liabilities and Commitments

### a Contingent liabilities

	As at	
	31 March 2018	31 March 2017
(i) Bank guarantees outstanding	2,733.10	-
(ii) Corporate guarantees outstanding	51,777.71	5,930.59



- (iii) Claims against the Group not acknowledged as debt Rs. 1,299.06 (31 March 2017: Rs. 1,266.40)
- (iv) Service tax department has issued demand order to the Company for payment of service tax amounting to Rs. 505.64 (31 March 2017: Rs. 505.64) (including penalty) relating to the disagreement on availment of Cenvat Credit for the period April 2008 to September 2010 and non payment of service tax. Further, an amount of Rs. 26.88 (31 March 2017: Rs 26.88) has been paid against the demand and the balance demand is stayed. However, the Company believes that the claims raised by the department are not tenable and the Company has filed an appeal against the said order before the CESTAT.
- (v) The Group has received claims for Rs. 6.57 (31 March 2017: 652.87) from Joint Director General of Foreign Trade (JDGFT) towards the recovery of the duty drawbacks, earlier refunded. The Group had earlier made claims for the refund of the duties paid on the machinery and other items purchased for the construction of the power projects under the scheme of deemed export benefit, which were accepted and refunds were granted. The communication from the JDGFT regarding the recovery of the duties paid are based on the interpretations by the Policy Interpretation Committee held on 15 March 2011. The Group contends that the above change in interpretation requires an amendment to the foreign trade policy to be legally enforceable in law. The relevant amendments has now been incorporated in the policy. Since the amendments made shall have prospective effect only, the Group believes that outcome of the above dispute should be in its favour and there should be no material impact on the financial statements.

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

	As at	
	31 March 2018	31 March 2017
Estimated value of contracts remaining to be executed on capital account not provided for	747.87	64,738.79

**c Other commitments**

	As at	
	31 March 2018	31 March 2017
Obligation for minimum quantity of fuel	-	56,098.66

**36 Operating Leases**

The Consolidated entities have entered in to certain operating lease agreements. An amount of Rs. 94.86 (31 March 2017: Rs. 129.04) paid under such agreements has been disclosed as "Rent" under other expenses in the Consolidated Profit and Loss statement and expenditure during construction period, pending allocation.

**37 Earnings/(loss) per Share (EPS)**

The computation of EPS as per Ind AS 33 is set out below

	Year ended	
	31 March 2018	31 March 2017
Net profit / (loss) after tax and minority interest	(14,262.65)	(6,359.76)
Net profit attributable to shareholders - for basic / diluted EPS	(14,262.65)	(6,359.76)
Weighted average number of shares outstanding for the purpose of calculation of basic and diluted EPS (in million)	423.99	423.99
Earnings per share – basic / diluted (in Rs.)	(33.64)	(15.00)

## Notes to Consolidated financial statements

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

### 38 Segment Reporting

The Segment report of the Group has been prepared in accordance with the Indian Accounting Standard 108 “Operating Segment”. There is only one reportable geographical segment as per Indian Accounting Standard 108. For the purpose of reporting business segments, the Group is engaged in two segments, viz., Project development and power generation.

31 March 2018	Project development activities	Power generating activities	Reconciling/ Elimination activities	Total
Revenue	24.93	31,488.52	(23.28)	31,490.17
Segment Result	(317.55)	562.07	-	244.52
Unallocated income (net)				2,980.65
Finance costs				(21,842.80)
<b>Loss before tax</b>				<b>(18,617.63)</b>
Tax income				1,603.72
<b>Loss for the year</b>				<b>(17,013.91)</b>
Segment assets	515.09	15,782.35	(5.13)	16,292.31
Unallocated assets				28,640.24
<b>Total assets</b>				<b>44,932.55</b>
Segment liabilities	61.69	3,726.11	(5.13)	3,782.67
Unallocated liabilities				32,003.28
<b>Total liabilities</b>				<b>35,785.95</b>
<b>Other segment information</b>				
Depreciation / amortisation	4.46	5,993.29	-	5,997.75
Capital expenditure	0.89	22,856.01	-	22,856.90

31 March 2017	Project development activities	Power generating activities	Reconciling/ Elimination activities	Total
Revenue	198.49	39,366.93	(179.59)	39,385.83
Segment Result	74.63	5,893.29	-	5,967.92
Unallocated income (net)				7,688.84
Finance costs				(21,945.11)
<b>Loss before tax</b>				<b>(8,288.35)</b>
Tax income				1,360.85
<b>Loss for the year</b>				<b>(6,927.50)</b>
Segment assets	614.02	282,850.07	(201.81)	283,262.28
Unallocated assets				23,008.53
<b>Total assets</b>				<b>306,270.81</b>
Segment liabilities	53.40	44,057.48	(201.81)	43,909.07
Unallocated liabilities				234,127.27
<b>Total liabilities</b>				<b>278,036.34</b>
<b>Other segment information</b>				
Depreciation / amortisation	7.40	6,815.31	-	6,822.71
Capital expenditure	0.69	27,205.16	-	27,205.85

Three customers in the power generating segment contributing revenues of Rs. 27,461.31 accounted for 87.30% (31 March 2017: Three customers in the power generating segment contributing revenues of Rs. 30,738.52 accounted for 78.10%) of the total segment revenue.

### 39 Related party disclosure

#### a Parties where control exists

S No.	Name of the party	Relationship
1	K&S Consulting Group Private Limited	Ultimate holding company
2	KSK Power Ventur plc	Step up holding company
3	KSK Energy Limited	Holding company

(For detail list of subsidiaries see note 3.2)

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

S No.	Name of the party	Relationship
1	KSK Energy Company Private Limited	Fellow subsidiary
2	KSK Mineral Resources Private Limited	Fellow subsidiary
3	KSK Wind Energy Nandgaon Athni Private Limited	Fellow subsidiary
4	KSK Wind Energy Madurai Ms Puram Private Limited	Fellow subsidiary
5	KSK Wind Energy Tirupur Elayamuthur Private Limited	Fellow subsidiary
6	KSK Wind Energy Tuticorin Rajapudukudi Private Limited	Fellow subsidiary
7	Marudhar Mining Private Limited	Fellow subsidiary
8	SN Nirman Infra Projects Private Limited *	Fellow subsidiary
9	KSK Investment Advisor Private Limited	Fellow subsidiary
10	KSK Energy Resources Private Limited	Fellow subsidiary
11	KSK Green Energy pte Ltd	Fellow subsidiary
12	Raigarh Champa Rail Infrastructure Private Limited (refer note 8)	Associate
13	VS Lignite Power Private Limited (refer note 8)	Associate
14	Sai Wardha Power Generation Limited (refer note 8)	Associate
15	KSK Mahanadi Power Company Limited (refer note 8)	Associate
16	Sitapuram Power Limited**	Joint Venture

\* Ceased to be Fellow subsidiary w.e.f. 05 January 2018

\*\* Ceased to be Joint Venture w.e.f. 25 December 2017

#### c Key Management Personnel and relatives

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

## Notes to Consolidated financial statements

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

### d Related party transactions

31 March 2018					
Particulars	Joint venture	Associate	Fellow subsidiaries	Holding Company / Step up holding company	KMP
<b>Transactions</b>					
Project development and corporate support fees	1.64	-	-	-	-
Interest income	4.39	112.72	-	-	-
Sale of fuel	-	35.23	-	-	-
Loans accepted / (repaid)	-	-	933.42	(26.42)	-
Loans and advances given/(repaid)	-	1,157.77	(1,166.92)	-	-
Managerial remuneration	-	-	-	-	18.00
<b>Balances at the year end</b>					
Amount receivable	-	1,057.59	1,709.11	112.11	-
Amount payable	-	1,715.62	801.31	0.90	-
Debentures outstanding	-	-	10.26	-	-
Managerial remuneration payable	-	-	-	-	1.06

31 March 2017					
Particulars	Joint venture	Associate	Fellow subsidiaries	Holding Company / Step up holding company	KMP
<b>Transactions</b>					
Project development and corporate support fees	2.19	-	-	-	-
Interest income	17.61	-	-	-	-
Fuel and water charges	-	-	402.67	-	-
Loans accepted / (repaid)	15.67	-	(1,166.96)	-	-
Loans and advances given/(repaid) (including advance for investments)	6.37	(594.48)	2,782.15	-	-
Managerial remuneration	-	-	-	-	18.00
<b>Balances at the year end</b>					
Amount receivable	287.25	0.09	7,457.95	-	-
Amount payable	157.43	46.05	699.28	27.25	-
Debentures outstanding	-	-	8.92	-	-
Managerial remuneration payable	-	-	-	-	1.20

- e The Group has given corporate guarantees of Rs. 68,956.26 (31 March 2017: Rs. 9,639.53) and bank guarantees of Rs. 2,733.10 (31 March 2017: Rs. Nil) on behalf of fellow subsidiaries and associates.
- f The Group has obtained corporate guarantees of Rs. 8,039.00 (31 March 2017: Rs. 13,409.00) from step-up holding company Rs. 1,000.00 (31 March 2017: Rs.1,000.00) from holding company and Rs. 1,130 (31 March 2017: Nil) from Associate company.

The above transactions do not include reimbursement of expenses.

The difference in the movement between the opening outstanding balances, transactions during the year and closing outstanding balances is on account of Impact of business combination, disposal of subsidiary, impairment and conversion into equity.

#### 40 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprises of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also hold investments designated at fair value through OCI and at amortised cost and enter into derivative transaction.

The Group's risk management activities are subject to the management direction. 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 and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment at fair value through profit or loss and OCI and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2018 and 31 March 2017.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss statement item is the effect of the assumed changes in respective market risk. This is based on the financial asset and financial liabilities held at 31 March 2018 and 31 March 2017.

##### 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.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage interest rate risk, the Group enters in to interest rate swaps, in which it agrees to exchange at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount.

## Notes to Consolidated financial statements

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

Currency	Change in basis points	Effect on profit before tax / equity	
		31 March 2018	31 March 2017
INR	+50	(51.90)	(665.37)
USD	+50	-	(70.59)
INR	-50	51.90	665.37
USD	-50	-	70.59

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The majority of our assets are located in India where the Indian rupee is the functional currency. Currency exposures also exist in the nature of capital expenditure and services denominated in currencies other than the Indian Rupee.

Group borrowings are denominated in Indian Rupees and large portion of cash and liquid investments are held in Indian rupee. Some financial assets and liabilities are not held in the functional currency of the respective subsidiary.

Consequently, currency fluctuations may have an impact on Group financial results.

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

### Derivative Instruments and Unhedged foreign currency exposure

#### Derivative contracts entered and outstanding

Particulars		As at	
		31 March 2018	31 March 2017
Currency option	Hedge of foreign currency loans	Rs. 0.00	Rs. 10,306.27
		US \$ 0.00	US \$ 158.85
Forward contract	Hedge of foreign currency loans	Rs. 0.00	Rs. 465.86
		US \$ 0.00	US \$ 7.18

#### Particulars of Unhedged foreign Currency Exposure

Particulars		As at	
		31 March 2018	31 March 2017
Loans		Rs. 0.00	Rs. 11,773.06
		US \$ 0.00	US \$ 181.46
Interest on loans		Rs. 0.00	Rs. 836.10
		US \$ 0.00	US \$ 12.89
Import creditors (including retention money)		Rs. 63.25	Rs. 11,792.39
		US \$ 0.97	US \$ 181.76
Receivable		Rs. 0.00	Rs. 285.92
		US \$ 0.00	US \$ 4.41

Continued...

Particulars	As at	
	31 March 2018	31 March 2017
Premium payable	Rs. 0.00	Rs. 171.92
	US \$ 0.00	US \$ 2.65
Cash with Bank	Rs. 0.00	Rs. 0.36
	CNY 0.00	CNY 0.04
Cash with Bank	Rs. 0.00	Rs. 0.00
	US \$ 0.00	US \$ 0.00

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

31 March 2018	Closing exchange rate	Effect of 5% strengthening of US \$ on net earnings	Effect of 5% strengthening of US \$ on total equity
United States Dollar	65.07	(2.98)	(2.98)

31 March 2017	Closing exchange rate	Effect of 5% strengthening of US \$ on net earnings	Effect of 5% strengthening of US \$ on total equity
United States Dollar	64.88	(1,193.31)	(1,193.31)

### Equity price risk

The Group's investments in listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. The Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the Group's exposure to unlisted equity securities was Rs. 2,932.22 (31 March 2017: Rs. 747.73) and the exposure to listed equity securities at fair value was Rs. 11.24 (31 March 2017: Rs. 21.03).

A decrease of 10% on the Indian market index would have an after tax impact of Rs. 1.04 (31 March 2017: Rs. 1.73) on the income or equity attributable to the Group, depending on whether or not the decline is significant and prolonged. An increase of 10% in the value of the Indian market index would impact income or equity by similar amounts.

### Commodity price risk

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

### Credit risk analysis

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

## Notes to Consolidated financial statements

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

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 March 2018	31 March 2017
Investments - At amortised cost	12	213.98	441.38
Trade receivables	13	312.97	29,637.25
Short term deposits with banks	19	326.40	5,350.19
Loans	14	2,869.30	8,321.20
Other financial asset	15	27,974.05	1,896.74
		<b>31,696.70</b>	<b>45,646.76</b>

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

The Group has exposure to credit risk from a limited customer group on account of supply of power. However, the Group ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The credit worthiness of customers to which the 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/ Company's maximum exposure for financial guarantees are noted in note 35.

### 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 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	
Borrowings	14,780.59	12,479.63	3,308.72	30,568.94
Trade payables	2,586.54	-	-	2,586.54
Other financial liabilities	8,356.30	846.64	-	9,202.94
<b>Total</b>	<b>25,723.43</b>	<b>13,326.27</b>	<b>3,308.72</b>	<b>42,358.42</b>



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

	<b>Current within 12 months</b>	<b>1-5 years</b>	<b>Non-current Later than 5 years</b>	<b>Total</b>
Borrowings	54,078.44	173,412.56	218,800.63	446,291.63
Trade payables	12,248.02	-	-	12,248.02
Other financial liabilities	29,895.49	-	843.00	30,738.49
Derivative liabilities	495.45	896.37	-	1,391.82
<b>Total</b>	<b>96,717.40</b>	<b>174,308.93</b>	<b>219,643.63</b>	<b>490,669.96</b>

### Capital management

Capital includes equity attributable to the equity holders 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;
- Deployment of capital in Special Purpose Vehicles ('SPVs') in a timely manner and as appropriate to the project development under pursuit;
- Evolution and finalisation of capital holding levels in underlying SPV's, with balance capital contributions by customers, co-investors (financial or otherwise), if any;
- Periodic review of the existing capitalisation levels in various parts of the business for potential post construction refinancing and any capital release(s) under such refinancing; and
- Fine tune capital deployment decisions to enable adequate return to shareholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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:

	<b>31 March 2018</b>	<b>31 March 2017</b>
Total borrowing	23,694.43	230,943.60
Less : Cash and bank balances	(167.49)	(1,229.94)
Less : Other bank balances	(326.40)	(5,350.19)
<b>Net debt</b>	<b>23,200.54</b>	<b>224,363.47</b>
Equity	9,146.60	28,202.07
<b>Total equity</b>	<b>9,146.60</b>	<b>28,202.07</b>
<b>Net debt to equity ratio</b>	<b>2.54</b>	<b>7.96</b>

# Notes to Consolidated financial statements

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

## 41 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 March 2018	31 March 2018	31 March 2017	31 March 2017
<b>Non- current financial assets</b>				
Investments - At fair value through other comprehensive income	17.50	17.50	187.29	187.29
Investments - At amortised cost	-	-	99.50	99.50
Trade receivables	-	-	99.44	99.44
Loans	25.29	25.29	2,129.39	2,129.39
Other financial asset	85.81	85.81	1,563.80	1,563.80
Derivative assets	-	-	2,614.48	2,614.48
<b>Total non-current</b>	<b>128.60</b>	<b>128.60</b>	<b>6,693.90</b>	<b>6,693.90</b>
<b>Current financial assets</b>				
Investments - At amortised cost	213.98	213.98	341.88	341.88
Trade receivables	312.97	312.97	29,537.81	29,537.81
Cash and bank balances	167.49	167.49	1,229.94	1,229.94
Other bank balances	326.40	326.40	5,350.19	5,350.19
Loans	2,844.01	2,844.01	6,191.81	6,191.81
Other financial asset	27,888.24	27,888.24	332.94	332.94
<b>Total current</b>	<b>31,753.09</b>	<b>31,753.09</b>	<b>42,984.57</b>	<b>42,984.57</b>
<b>Total</b>	<b>31,881.69</b>	<b>31,881.69</b>	<b>49,678.47</b>	<b>49,678.47</b>
<b>Non- current financial liabilities</b>				
Borrowings	10,447.11	10,447.11	204,022.78	204,022.78
Other financial liabilities	846.64	846.64	843.00	843.00
Derivative liabilities	-	-	896.37	896.37
<b>Total non-current</b>	<b>11,293.75</b>	<b>11,293.75</b>	<b>205,762.15</b>	<b>205,762.15</b>
<b>Current financial liabilities</b>				
Borrowings	9,358.98	9,358.98	22,455.35	22,455.35
Trade payables	2,586.54	2,586.54	12,248.01	12,248.01
Other financial liabilities	12,244.64	12,244.64	34,360.50	34,360.50
Derivative liabilities	-	-	495.45	495.45
<b>Total current</b>	<b>24,190.16</b>	<b>24,190.16</b>	<b>69,559.31</b>	<b>69,559.31</b>
<b>Total</b>	<b>35,483.91</b>	<b>35,483.91</b>	<b>275,321.46</b>	<b>275,321.46</b>

## 42 Fair value hierarchy

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

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

31 March 2018	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Equity securities - At fair value through other comprehensive income	11.24	-	6.26	17.50
Debt securities-At amortised cost	213.98	-	-	213.98
<b>Total</b>	<b>225.22</b>	<b>-</b>	<b>6.26</b>	<b>231.48</b>

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the transfer has occurred. During the year ended 31 March 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation of Level 3 fair value measurements of financial assets:

31 March 2018	FVTOCI Unquoted Equities	Total
Opening balance	166.26	166.26
Total gains or losses:		
- in income statement	(160.00)	(160.00)
- in other comprehensive income		
change in fair value financial assets	-	-
Settlements	-	-
Transfers into level 3	-	-
Closing balance	6.26	6.26

31 March 2017	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Equity securities - At fair value through other comprehensive income	21.03	-	166.26	187.29
Derivative assets	-	2,614.48	-	2,614.48
<b>Total</b>	<b>21.03</b>	<b>2,614.48</b>	<b>166.26</b>	<b>2,801.77</b>
<b>Financial liabilities measured at fair value</b>				
Interest rate swaps	-	115.18	-	115.18
Option premium payable	-	1,251.44	-	1,251.44
Foreign exchange forward contract	-	25.20	-	25.20
<b>Total</b>	<b>-</b>	<b>1,391.82</b>	<b>-</b>	<b>1,391.82</b>

## Notes to Consolidated financial statements

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

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

Reconciliation of Level 3 fair value measurements of financial assets:

31 March 2017	FVTOCI Unquoted Equities	Total
Opening balance	166.26	166.26
Total gains or losses:		
- in income statement	-	-
- in other comprehensive income		
change in fair value of financial assets	-	-
Settlements	-	-
Transfers into level 3	-	-
Closing balance	166.26	166.26

### Valuation techniques

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

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

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

31 March 2018	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive 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	93.53 %	27,357.58	11.38 %	(3,835.34)	11.54 %	(1.32)	11.38 %	(3,836.66)
<b>Subsidiaries</b>								
Indian								
Sai Wardha Power Generation Limited	0.00 %	-	1.42 %	(478.21)	0.00 %	-	1.42 %	(478.21)
Field Mining and Ispats Limited	0.00 %	-	0.00 %	-	0.00 %	-	0.00 %	-
VS Lignite Power Private Limited	0.00 %	-	3.32 %	(1,117.82)	0.00 %	-	3.32 %	(1,117.82)
Sai Maithili Power Company Private Limited	1.16 %	339.89	0.07 %	(24.90)	(0.26)%	0.03	0.07 %	(24.87)
Sai Lilagar Power Generation Limited	(0.81)%	(238.30)	(0.72)%	243.08	(21.42)%	2.45	(0.73)%	245.53
KSK Electricity Financing India Private Limited	(2.86)%	(837.37)	16.74 %	(5,643.98)	11.63 %	(1.33)	16.74 %	(5,645.31)
Sai Regency Power Corporation Private Limited	9.33 %	2,730.09	2.12 %	(714.17)	5.42 %	(0.62)	2.12 %	(714.79)
KSK Wind Energy Halagali Benchi Private Limited	0.42 %	122.93	(0.03)%	10.50	0.00 %	-	(0.03)%	10.50
KSK Wind Energy Mothalli Haveri Private Limited	0.20 %	57.38	(0.05)%	15.50	0.00 %	-	(0.05)%	15.50

Continued...

# Notes to Consolidated financial statements

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

31 March 2018	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive 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
KSK Wind Power Sankonahatti Athni Private Limited	0.33 %	95.56	(0.04)%	12.50	0.00 %	-	(0.04)%	12.50
KSK Mahanadi Power Company Limited	0.00 %	-	46.32 %	(15,611.27)	9.88 %	(1.13)	46.30 %	(15,612.40)
KSK Water Infrastructures Private Limited	0.00 %	-	0.60 %	(201.90)	(0.09)%	0.01	0.60 %	(201.89)
KSK Wind Energy Private Limited	(0.73)%	(214.55)	0.07 %	(22.50)	85.49 %	(9.78)	0.10 %	(32.28)
Kameng Dam Hydro Power Limited	(0.81)%	(235.48)	3.48 %	(1,172.06)	0.00 %	-	3.48 %	(1,172.06)
KSK Dibbin Hydro Power Private Limited	3.67 %	1,074.36	(0.02)%	6.65	0.00 %	-	(0.02)%	6.65
KSK Narmada Power Company Private Limited	(0.06)%	(16.55)	0.05 %	(16.61)	0.00 %	-	0.05 %	(16.61)
KSK Wardha Infrastructure Private Limited	0.01 %	1.88	(0.00)%	0.12	0.00 %	-	(0.00)%	0.12
KSK Vidarbha Power Company Private Limited	(0.01)%	(2.10)	0.00 %	(0.03)	0.00 %	-	0.00 %	(0.03)
J R Power Gen Private Limited	(2.87)%	(84.0.01)	6.40 %	(2,158.79)	0.00 %	-	6.40 %	(2,158.79)
KSK Upper Subsansiri Hydro Energy Limited	0.49 %	144.56	3.97 %	(1,338.05)	0.00 %	-	3.97 %	(1,338.05)

Continued...

31 March 2018	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive 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
KSK Jameri Hydro Power Private Limited	(0.53)%	(155.84)	0.61 %	(206.45)	0.00 %	-	0.61 %	(206.45)
KSK Dinchang Power Company Private Limited	(1.04)%	(303.54)	1.10 %	(372.26)	0.00 %	-	1.10 %	(372.26)
KSK Surya Photovoltaic Venture Limited	0.41 %	120.59	2.73 %	(919.48)	(3.41) %	0.39	2.73 %	(919.09)
KSK Wind Power Aminabhavi Chikodi Private Limited	0.23 %	67.83	(0.04) %	14.83	0.00 %	-	(0.04) %	14.83
<b>Foreign</b>								
Tila Karnali Hydro Electric Company Private Limited	(0.26)%	(76.82)	0.45 %	(150.39)	0.00 %	-	0.45 %	(150.39)
Bheri Hydro Power Company Private Limited	0.01 %	1.87	0.02 %	(5.46)	0.00 %	-	0.02 %	(5.46)
Sai Power Pte LTD	0.00 %	-	0.08 %	(27.24)	0.00 %	-	0.08 %	(27.24)
Global Coal Sourcing Plc	0.19 %	56.19	0.15 %	(50.56)	0.00 %	-	0.15 %	(50.56)
<b>Associates</b>								
<b>Indian</b>								
Raigarh Champa Rail Infrastructure Private Limited	0.00 %	-	0.33 %	(111.15)	-	-	0.33 %	(111.15)

Continued...

# Notes to Consolidated financial statements

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

31 March 2018	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive 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
<b>Joint Ventures</b>								
<b>Indian</b>								
Sitapuram Power Limited	0.00 %	-	(0.50)%	168.79	1.22 %	(0.14)	(0.50)%	168.65
Non-controlling interest in all subsidiaries	100%	29,250.15	100%	(33,706.65)	100%	(11.44)	100%	(33,718.09)
Adjustments arising out of consolidation	-	1,380.36	-	2,862.42	-	0.29	-	2,862.71
	-	(21,483.91)	-	16,581.58	-	6.84	-	16,588.42
<b>Consolidated net assets / Share in total comprehensive income</b>	-	<b>9,146.60</b>	-	<b>(14,262.65)</b>	-	<b>(4.31)</b>	-	<b>(14,266.96)</b>



31 March 2017	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive 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	40.49 %	31,194.23	12.39 %	(875.01)	2.28 %	0.06	12.40 %	(874.95)
<b>Subsidiaries (Group's share)</b>								
Indian								
Sai Wardha Power Generation Limited	(3.96)%	(3,051.58)	2.60 %	(183.25)	44.49 %	1.17	2.58 %	(182.08)
Field Mining and Ispats Limited	0.00 %	1.90	0.00 %	(0.09)	0.00 %	-	0.00 %	(0.09)
VS Lignite Power Private Limited	(2.64)%	(2,032.25)	22.53 %	(1,591.01)	5.70 %	0.15	22.54 %	(1,590.86)
Sai Maithili Power Company Private Limited	0.47 %	364.76	0.18 %	(12.88)	9.89 %	0.26	0.18 %	(12.62)
Sai Lilagar Power Generation Limited	(0.63)%	(483.82)	12.12 %	(855.64)	4.94 %	0.13	12.12 %	(855.51)
KSK Electricity Financing India Private Limited	6.24 %	4,807.93	(1.53)%	107.76	0.76 %	0.02	(1.53)%	107.78
Sai Regency Power Corporation Private Limited	4.47 %	3,444.88	(2.29)%	161.86	14.83 %	0.39	(2.30)%	162.25
KSK Wind Energy Halagali Benchi Private Limited	0.15 %	112.42	(0.13)%	9.13	0.00 %	-	(0.13)%	9.13
KSK Wind Energy Mothalli Haveri Private Limited	0.05 %	41.88	(0.19)%	13.48	0.00 %	-	(0.19)%	13.48
KSK Wind Power Sankonahatti Athni Private Limited	0.11 %	83.06	(0.15)%	10.87	0.00 %	-	(0.15)%	10.87

# Notes to Consolidated financial statements

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

31 March 2017	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive 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
KSK Mahanadi Power Company Limited	44.31 %	34,133.06	49.94 %	(3,526.06)	(117.49)%	(3.09)	50.00 %	(3,529.15)
KSK Water Infrastructures Private Limited	2.65 %	2,039.61	3.11 %	(219.32)	213.31 %	5.61	3.03 %	(213.71)
KSK Wind Energy Private Limited	(0.23)%	(173.59)	0.18 %	(12.94)	(63.12)%	(1.66)	0.21 %	(14.60)
Kameng Dam Hydro Power Limited	1.22 %	936.59	0.03 %	(1.94)	0.00 %	-	0.03 %	(1.94)
KSK Dibbin Hydro Power Private Limited	1.39 %	1,067.71	(0.12)%	8.37	0.00 %	-	(0.12)%	8.37
KSK Narmada Power Company Private Limited	0.00 %	0.07	0.00 %	(0.01)	0.00 %	-	0.00 %	(0.01)
KSK Wardha Infrastructure Private Limited	0.00 %	1.76	(0.00)%	0.15	0.00 %	-	(0.00)%	0.15
KSK Vidarbha Power Company Private Limited	(0.00)%	(2.07)	0.00 %	(0.02)	0.00 %	-	0.00 %	(0.02)
J R Power Gen Private Limited	1.71 %	1,318.77	0.01 %	(1.04)	0.00 %	-	0.01 %	(1.04)
KSK Upper Subansiri Hydro Energy Limited	1.92 %	1,482.61	0.00 %	(0.33)	0.00 %	-	0.00 %	(0.33)
KSK Jameri Hydro Power Private Limited	0.07 %	50.61	0.00 %	(0.11)	0.00 %	-	0.00 %	(0.11)
KSK Dinchang Power Company Private Limited	0.09 %	68.73	0.00 %	(0.03)	0.00 %	-	0.00 %	(0.03)
KSK Surya Photovoltaic Venture Limited	1.35 %	1,038.67	0.01 %	(0.60)	(15.59)%	(0.41)	0.01 %	(1.01)
KSK Wind Power Aminabhavi Chikodi Private Limited	0.07 %	53.00	(0.18)%	12.89	0.00 %	-	(0.18)%	12.89

31 March 2017	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive 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
<b>Foreign</b>								
Tila Karnali Hydro Electric Company Private Limited	0.09 %	72.40	0.00 %	(0.33)	0.00 %	-	0.00 %	(0.33)
Bheri Hydro Power Company Private Limited	0.01 %	7.27	0.00 %	(0.02)	0.00 %	-	0.00 %	(0.02)
Sai Power Pte LTD	(0.25)%	(194.31)	1.00 %	(70.66)	0.00 %	-	1.00 %	(70.66)
Global Coal Sourcing Plc	0.13 %	98.45	(0.60)%	42.40	0.00 %	-	(0.60)%	42.40
<b>Associates</b>								
<b>Indian</b>								
Raigarh Champa Rail Infrastructure Private Limited	0.75 %	581.47	0.97 %	(68.71)	0.00 %	-	0.97 %	(68.71)
<b>Joint Ventures</b>								
<b>Indian</b>								
Sitapuram Power Limited	(0.04)%	(31.37)	0.11 %	(8.08)	0.00 %	-	0.11 %	(8.08)
	<b>100%</b>	<b>77,032.85</b>	<b>100%</b>	<b>(7,061.17)</b>	<b>100%</b>	<b>2.63</b>	<b>100%</b>	<b>(7,058.54)</b>
Non-controlling interest in all subsidiaries	-	6,563.45	-	636.45	-	(2.43)	-	634.02
Adjustments arising out of consolidation	-	(55,394.23)	-	64.96	-	(1.29)	-	63.67
<b>Consolidated net assets / Share in total comprehensive income</b>	<b>-</b>	<b>28,202.07</b>	<b>-</b>	<b>(6,359.76)</b>	<b>-</b>	<b>(1.09)</b>	<b>-</b>	<b>(6,360.85)</b>

## Notes to Consolidated financial statements

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

**44** Considering the wider developments across the energy sector in India, wherein even commissioned and operational projects are facing significant stress for resolution, the immediate demand for partially developed project, especially various hydro and other projects that entail further development and construction risks, would attract very limited investor interest. Resultantly, the Group has re evaluated the recoverability of its investment in various Hydro, Solar and other projects which are under various stages of construction and implementation over the last few years. Based on such reassessment, Company has undertaken impairment of Property, Plant and Equipment (PPE), Goodwill and other assets related to such projects and accordingly recognised an impairment loss of Rs. 6,205.85 million and disclosed the same as exceptional item in the consolidated financial statements.

As per our report of even date

For **Jawahar and Associates,**

Chartered Accountants

Firm Registration No: 001281S

for and on behalf of the Board

Sd/-

**M. Chandramouleswara Rao**

Partner

Membership No: 024608

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. Bapi Raju**

Director

DIN - 00940849

Sd/-

**Ranjith Kumara Shetty**

Company Secretary

Place: Hyderabad

Date: 14 June 2018

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**Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Operations  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) in the prescribed Form AOC-1 relating to subsidiary companies)**

**Part "A": Subsidiaries**

Sl No	Name of the Subsidiary Company	Reporting period	Reporting currency	Exchange Rate as at 31 March 2018	Share capital	Other equity	Total assets	Total Liabilities (Excluding share capital and reserves)	Investments	Turn over	Profit / (loss) before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of share holding	Date of acquisition
1	Sai Maithili Power Company Private Limited	31-Mar-18	Indian Rupee	1	43.30	296.59	1,128.43	788.54	-	144.72	(10.51)	14.38	(24.90)	-	48.00	31-Jul-06
2	Global Coal Sourcing Plc	31-Mar-18	GBP	1	1.92	(1.31)	11.90	11.29	0.06	-	(0.59)	-	(0.59)	-	100.00	1-Jun-15
3	Global Coal Sourcing Plc	31-Mar-18	Indian Rupee	91.22	177.42	(121.23)	1,085.63	1,029.45	6.26	-	(50.56)	-	(50.56)	-	100.00	1-Jun-15
4	Sai Liagar Power Generation Limited	31-Mar-18	Indian Rupee	1	755.00	(993.30)	4,910.05	5,148.35	172.75	990.70	243.08	-	243.08	-	100.00	1-Jun-07
5	KSK Electricity Financing India Private Limited	31-Mar-18	Indian Rupee	1	5,701.15	(6,538.53)	10,533.35	11,370.73	5,893.16	-	(5,643.99)	-	(5,643.99)	-	100.00	24-Jan-08
6	Sai Regency Power Corporation Private Limited	31-Mar-18	Indian Rupee	1	167.20	2,562.89	7,890.04	5,159.95	856.47	1,614.99	(679.20)	34.97	(714.17)	-	73.92	1-Jun-07
7	KSK Wind Energy Halagali Bench Private Limited	31-Mar-18	Indian Rupee	1	25.73	9719	123.43	0.50	80.56	-	10.50	-	10.50	-	99.61	20-Jan-17
8	KSK Wind Energy Mothalli Haveri Private Limited	31-Mar-18	Indian Rupee	1	25.54	31.84	57.40	0.02	118.87	-	15.50	-	15.50	-	99.61	20-Jan-17
9	KSK Wind Power Sankonahatti Athni Private Limited	31-Mar-18	Indian Rupee	1	25.54	70.02	96.07	0.51	95.90	-	12.50	-	12.50	-	99.61	20-Jan-17
10	KSK Wind Energy Private Limited	31-Mar-18	Indian Rupee	1	5.00	(219.55)	173.15	387.70	157.71	-	(22.50)	-	(22.50)	-	100.00	31-Jul-06
11	Kameng Dam Hydro Power Limited	31-Mar-18	Indian Rupee	1	0.50	(235.98)	0.48	235.96	-	-	(1,172.06)	-	(1,172.06)	-	100.00	27-Dec-07
12	KSK Dibbin Hydro Power Private Limited	31-Mar-18	Indian Rupee	1	931.10	143.26	1,299.15	224.78	213.98	-	6.71	0.06	6.65	-	70.00	27-Dec-07
13	KSK Narmada Power Company Private Limited	31-Mar-18	Indian Rupee	1	0.11	(16.65)	0.16	16.71	-	-	(16.61)	-	(16.61)	-	100.00	31-Jul-06
14	KSK Wardha Infrastructure Private Limited	31-Mar-18	Indian Rupee	1	1.50	0.38	2.02	0.14	0.00	-	0.12	-	0.12	-	100.00	31-Jul-06
15	KSK Vidarbha Power Company Private Limited	31-Mar-18	Indian Rupee	1	0.11	(2.20)	0.01	2.11	0.00	-	(0.03)	-	(0.03)	-	100.00	31-Jul-06
16	J R Power Gen Private Limited	31-Mar-18	Indian Rupee	1	76.70	(916.72)	4.76	844.78	-	-	(2,158.79)	-	(2,158.79)	-	99.87	14-Jan-08

# Notes to Consolidated financial statements

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

Sl No	Name of the Subsidiary Company	Reporting period	Reporting currency	Exchange Rate as at 31 March 2018	Share capital	Other equity	Total assets	Total Liabilities (Excluding share capital and reserves)	Investments	Turn over	Profit / (loss) before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of share holding	Date of acquisition
17	KSK Upper Subansiri Hydro Energy Limited	31-Mar-18	Indian Rupee	1	0.50	144.06	1,158.63	1,014.07	-	-	(1,338.05)	-	(1,338.05)	-	100.00	14-Jun-10
18	KSK Jameri Hydro Power Private Limited	31-Mar-18	Indian Rupee	1	10.00	(165.84)	1.33	15718	-	-	(206.45)	-	(206.45)	-	100.00	20-Dec-10
19	KSK Dinchang Power Company Private Limited	31-Mar-18	Indian Rupee	1	10.00	(313.54)	0.27	303.81	-	-	(372.26)	-	(372.26)	-	100.00	22-Dec-10
20	Bheri Hydro Power Company Private Limited (NR) <sup>5</sup>	31-Mar-18	Nepallie Rupee	1	9.95	(6.92)	3.05	0.02	-	-	(8.85)	-	(8.85)	-	99.00	10-Feb-12
21	Bheri Hydro Power Company Private Limited (INR) <sup>5</sup>	31-Mar-18	Indian Rupee	0.62	6.09	(4.21)	1.88	0.01	-	-	(5.46)	-	(5.46)	-	99.00	10-Feb-12
22	Tila Karnali Hydro Electric Company Private Limited (NR) <sup>5</sup>	31-Mar-18	Nepallie Rupee	1	132.41	(257.70)	4113	166.42	-	-	(243.66)	-	(243.66)	-	80.00	17-Sep-10
23	Tila Karnali Hydro Electric Company Private Limited (INR) <sup>5</sup>	31-Mar-18	Indian Rupee	0.62	81.45	(158.27)	25.52	102.35	-	-	(150.39)	-	(150.39)	-	80.00	17-Sep-10
24	KSK Surya Photovoltaic Venture Limited	31-Mar-18	Indian Rupee	1	370.55	(249.96)	560.92	440.33	145.49	-	(919.48)	-	(919.48)	-	93.23	23-Feb-08
25	KSK Wind Power Aminabhavi Chikodi Private Limited	31-Mar-18	Indian Rupee	1	25.73	42.10	67.86	0.02	113.72	-	14.83	-	14.83	-	100.00	23-Jan-16

- Names of subsidiaries which are yet to commence operations : Kameng Dam Hydro Power Limited, KSK Dibbin Hydro Power Private Limited, KSK Narmada Power Company Private Limited, KSK Wardha Infrastructure Private Limited, KSK Vidarbha Power Company Private Limited, J R Power Gen Private Limited, KSK Upper Subansiri Hydro Energy Limited, KSK Jameri Hydro Power Private Limited, KSK Dinchang Power Company Private Limited, Bheri Hydro Power Company Private Limited, Tila Karnali Hydro Electric Company Private Limited, KSK Surya Photovoltaic Venture Limited, KSK Wind Power Aminabhavi Chikodi Private Limited, KSK Wind Energy Halagali Benchi Private Limited, KSK Wind Energy Mothalli Haveri Private Limited and KSK Wind Power Sankonahatti Athni Private Limited.
- Names of subsidiaries which have been sold/ceased to be subsidiary during the year are Sai Wardha Power Generation Limited, Field Mining Ispats Limited, VS Lignite Power Private Limited, KSK Mahanadi Power Company Limited, KSK Water Infrastructures Private Limited and Sai Power Pte Ltd.
- Sai Lilagar Power Generation Limited, Sai Regency Power Corporation Private Limited, KSK Wind Energy Halagali Benchi Private Limited, KSK Wind Energy Mothalli Haveri Private Limited and KSK Wind Power Sankonahatti Athni Private Limited are subsidiaries of KSK Electricity Financing India Private Limited, which is 100% subsidiary of the Company.
- Global Coal Sourcing Plc is a subsidiary of Sai Lilagar Power Generation Limited.
- The financial year of the subsidiary ends on 15 July every year, however for the purpose of consolidation the accounts of the subsidiary is being prepared and considered upto 31 March 2018.

**Part “B”: Associates and Joint Operations**

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

Sl. No	Name of Associate / Joint Operation	Latest audited Balance Sheet Date	Shares of Associate / Joint Operation held by the company on the year end		Description of how there is significant influence	Reason why the Associate/ joint operation is not consoli- dated	Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year		Date of acquisition
			No.	Amount of Investment in Associate/ Joint				Extend of Holding %	Consid- ered Operation	
1	VS Lignite Power Private Limited (refer note 8)	31-Mar-18	52,399,991	524.00	32.75	There is significant influence due to shareholding	NA	-	-	29-Aug-17
2	Sai Wardha Power Generation Limited (refer note 8)	31-Mar-18	110,523,914	1,105.24	27.35	There is significant influence due to shareholding	NA	-	-	28-Apr-17
3	KSK Mahanadi Power Company Limited (refer note 8)	31-Mar-18	411,218,789	4,112.19	11.39	There is significant influence due to shareholding & representation on board	NA	-	-	27-Mar-18

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

2 Names of associates or joint ventures which have been sold during the year / ceased to be associates : Sitapuram Power Limited and Raigarh Champa Rail Infrastructure Private Limited.

3. Group share of losses in VS Lignite and Sai Wardha exceeds the carrying value of investment, accordingly further losses have not been considered in the consolidated financial statement.

for and on behalf of the Board

Sd/-

**S. Kishore**

Whole-time Director

DIN - 00006627

Sd/-

**K. Bapi Raju**

Director

DIN - 00940849

Sd/-  
**Ranjith Kumara Shetty**

Company Secretary

# Notice of the Annual General Meeting

## NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held on Saturday, 29 September, 2018 at 10.00 A.M. at Mini Conference Hall, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad - 500045, Telangana, India to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements (including consolidated financial statements) of the Company for the financial year ended 31 March 2018 and the reports of the Board of Directors and Auditors thereon.
2. To re-appoint Mr. S. Kishore (DIN: 00006627), Whole-time Director who retires by rotation and who being eligible, offers himself for reappointment as a Director.

### SPECIAL BUSINESS:

#### 3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder, Mr. K. Bapi Raju (DIN: 00940849) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30 May, 2018 and who holds office up to the date of this Annual General Meeting, in terms of Section 161 of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things for giving effect to this resolution."

#### 4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Alankrita Soni (DIN: 08021270), who was appointed as an Additional Director of the Company with effect from 30 May, 2018 and who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years commencing from 30 May 2018, not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things for giving effect to this resolution."

#### 5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Abhay M Nalawade (DIN: 00342055), who was appointed as an Additional Director of the Company with effect from 5 February, 2018 and who holds office up to the date of this Annual General Meeting, in terms of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years commencing from 5 February, 2018, not liable to retire by rotation.



RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things for giving effect to this resolution."

**6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 196, 197 and Schedule V to the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and provisions of the Articles of Association of the Company, the consent of members of the Company be and is hereby accorded for the payment of remuneration of Rs. 7,50,000/- (Rupees Seven Lakhs Fifty Thousand only) per month (which is inclusive of all perquisites, allowances and benefits excluding any annual increment/other benefits that may be provided/ paid as per the Company's policy provided that such overall remuneration shall not exceed the limits under Section 197 read with Schedule V to the Companies Act, 2013) to Mr. S. Kishore, Whole-time Director (DIN: 00006627) of the Company for the period from 01.04.2018 to 31.03.2020.

RESOLVED FURTHER THAT the remuneration mentioned above be paid as minimum remuneration in the event of no profits or profits are inadequate to pay the remuneration, in any financial year during the currency of tenure of his service.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

**7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT, in accordance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the consent of members of the Company be and is hereby accorded for Mr. T.L. Sankar (DIN: 00121570) to continue as an Independent Director of the Company till the completion of his present term i.e. up to 26 September, 2019.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

By order of the Board of Directors

Sd/-

**Ranjith Kumara Shetty**

Company Secretary

Place: Hyderabad

Date: 11.08.2018

CIN: L45204TG2001PLC057199

Regd. Off: 8-2-293/82/A/431/A,

Road No.22, Jubilee Hills,

Hyderabad - 500 033.

Ph: 040-23559922; Fax: 040-23559930

# Notice of the Annual General Meeting

## NOTES

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. **A member entitled to attend and vote at the AGM, is entitled to appoint a proxy to attend and vote in the AGM instead of himself / herself and the proxy so appointed need not be a member of the Company. The instrument appointing proxy should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the AGM.**

**A person can act as a proxy on behalf of a maximum of fifty members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

3. Details as required in sub-regulation (3) of Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking reappointment at the AGM, forms integral part of the notice.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the AGM.
5. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the AGM.
7. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the AGM on their behalf.
8. M/s. Karvy Computershare Private Limited, Hyderabad acts as the Company's Registrar and Share Transfer Agent for physical transfer of shares and all correspondence may be addressed directly to them. In respect of shares held in Electronic form, shareholders may send requests or correspond through their respective Depository Participants.
9. The Register of Directors and Key Managerial Personnel and Register of Contracts or Arrangements maintained under Section 170 and Section 189 of the Companies Act 2013 respectively will be available for inspection to the members at the AGM.
10. The route map to the venue of AGM is furnished herewith and forms part of the Notice.
11. The Register of Members and Share Transfer books will remain closed from 22 September 2018 to 29 September 2018 (both days inclusive) in connection with the AGM to be held on 29 September 2018.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Registrar.
13. The annual report for the financial year 2017-18 including notice of the Eighteenth AGM of the Company is being sent through electronic mode only to those shareholders, whose e-mail addresses are registered with the Company /depository participants. The annual report is also available on the Company's website, i.e. [www.ksk.co.in](http://www.ksk.co.in). The physical copy of the annual report is being sent to those members who have not registered their e-mail addresses with the Company/depository participant in permitted mode. The members will be entitled to a physical copy of the annual report for the financial year 2017-18 upon sending a request to the Company.

Members, who have not registered their e-mail addresses so far or who would like to update their e-mail addresses which are already registered, are requested to register/update their e-mail addresses to receive all communication including Annual Report, Notices, Circulars, etc. from the Company in electronic mode in lieu of physical copy (in order to save usage of paper)

- in respect of electronic shareholding - through their respective Depository Participants;
- in respect of physical shareholding - by sending a request to the Company's Share Transfer Agent, mentioning therein their folio number and e-mail address.

14. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. and 3:00 p.m. on any working day till the date of AGM.

#### **15. Remote e-voting:**

In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, members are provided with the facility to exercise their right to vote at the AGM by electronic means and the business may be transacted through remote e-voting services provided by Karvy Computershare Private Limited.

- a) The facility for voting through poll will also be made available at the AGM and the members attending the AGM, who have not already cast their vote through remote e-voting shall be able to exercise their right at the AGM through poll. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instruction for remote e-voting is annexed to the Notice.
- b) The Board of Directors of the Company has appointed Mr. V. Pavana Srinivasa Rao, Practicing Company Secretary as Scrutinizer to scrutinise the poll and remote e-voting process in a fair and transparent manner.
- c) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 22 September 2018.
- d) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 22 September 2018, shall be entitled to avail the facility of remote e-voting / Poll.
- e) The remote e-voting facility will be available during the following period and shall be disabled by Karvy upon expiry of period:  
 Commencement of remote e-voting: From 9.00 a.m. (IST) on 26 September, 2018  
 End of remote e-voting: Up to 5.00 p.m. (IST) on 28 September, 2018.
- f) The Scrutinizer, after scrutinising the votes cast at the meeting (Poll) and through remote e-voting, will, not later than two days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.ksk.co.in](http://www.ksk.co.in) and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- g) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 29 September, 2018.

#### **16. Process for remote e-voting:**

- A. The Company has made arrangements with Karvy Computershare Private Limited for facilitating remote e-voting to enable the Shareholders to cast their vote electronically. [for members whose e-mail addresses are registered with the Company / Depository Participant(s)]:
  - a. Launch internet browser by typing the URL: <https://evoting.karvy.com>
  - b. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - c. After entering these details appropriately, click on "LOGIN".

## Notice of the Annual General Meeting

- d. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - e. You need to login again with the new credentials.
  - f. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company'
  - g. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option "ABSTAIN". If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - h. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
  - i. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - j. You may then cast your vote by selecting an appropriate option and click on "Submit".
  - k. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - l. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email: cssrinivasacs@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_Event No."
- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
- i. E-Voting Event Number - XXXX (EVEN), User ID and Password are provided in the AGM Notice form.
  - ii. Please follow all steps from Sl. No. 16. A (a) to 16. A (l) above to cast your vote by electronic means.

Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

### OTHER INSTRUCTIONS

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. Anandan. K, Manager, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at

evoting@karvy.com or phone no. 040 - 6716 1591 or call Karvy's toll free No. 1800-3454-001 for any further clarifications.

- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on 26 September 2018 (9.00 a.m. IST) and ends on 28 September 2018 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22 September 2018, may cast their votes electronically. The remote e-voting module shall be disabled for voting thereafter. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 22 September 2018.
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 22 September 2018, he/she may obtain the User ID and Password in the manner as mentioned below :
  - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399  
Example for NSDL:  
MYEPWD <SPACE> IN12345612345678  
Example for CDSL:  
MYEPWD <SPACE> 1402345612345678  
Example for Physical:  
MYEPWD <SPACE> XXXX1234567890
  - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Member may call Karvy's toll free number 1800-3454-001.
  - iv. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose e-mail ids are available.

### **Item No. 3: Appointment of Mr. K. Bapi Raju as Director**

Mr. K. Bapi Raju, was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 30 May, 2018 based on the recommendation of the Nomination & Remuneration Committee under Section 161 of the Act. In terms of Section 161 of the Act, he shall hold office up to the date of the forthcoming Annual General Meeting of the Company and is eligible to be appointed as a Director of the Company.

The Company has received from Mr. K. Bapi Raju (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014 and; (ii) intimation in Form DIR-8 in terms of the said Rules, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

The Company has received a notice in writing under the provisions of Section 160 of the Act, from a member proposing the candidature of Mr. K. Bapi Raju for the office of Director.

A brief profile of Mr. K. Bapi Raju, as required pursuant to the Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 is annexed to this notice.

The resolution seeks the approval of the shareholders for the appointment of Mr. K. Bapi Raju as a Director of the Company, liable to retire by rotation.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. K. Bapi Raju is concerned or interested in this Resolution. The Board commends the Ordinary Resolution set out at item No. 3 of the accompanying notice for approval of the Members.

### **Item No. 4: Appointment of Ms. Alankrita Soni as an Independent Director**

Ms. Alankrita Soni was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 30 May 2018 under Section 161 of the Act. Ms. Alankrita Soni shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term upto five years. In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members.

The Company has received a declaration of independence from Ms. Alankrita Soni that she met with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Ms. Alankrita Soni is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

The Company has received a notice in writing under the provisions of Section 160 of the Act, from a member proposing the candidature of Ms. Alankrita Soni for the office of Director.

A brief profile of Ms. Alankrita Soni, as required pursuant to the Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 is annexed to this notice.

None of the Directors or Key Managerial Personnel and their relatives, except Ms. Alankrita Soni is concerned or interested in this Resolution. The Board commends the ordinary resolution set out at item No. 4 of the accompanying notice for approval of members.

### **Item No. 5: Appointment of Mr. Abhay M Nalawade as an Independent Director**

Mr. Abhay M Nalawade was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 5 February 2018 under Section 161 of the Act. Mr. Abhay M Nalawade shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term upto five years. In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members.

The Company has received a declaration of independence from Mr. Abhay M Nalawade that he met with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Abhay M Nalawade is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received a notice in writing under the provisions of Section 160 of the Act, from a member proposing the candidature of Mr. Abhay M Nalawade for the office of Director.

A brief profile of Mr. Abhay M Nalawade, as required pursuant to the Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2, is annexed to this notice.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Abhay M Nalawade is concerned or interested in this Resolution. The Board commends the ordinary resolution set out at item No. 5 for approval of members.

#### **Item No. 6: Approval of remuneration to Mr. S. Kishore, Whole-time Director**

The Members of the Company at their Annual General Meeting held on 27 September 2014 have approved the reappointment and remuneration payable to Mr. S. Kishore, as Whole-time Director for a period of five years with effect from 1 April, 2015. As per the provisions of Schedule V of the Companies Act, 2013 the resolution passed at the general meeting of the company for payment of remuneration as per the limits laid down under Schedule V in case of loss or inadequate profit, should be for a period not exceeding three years.

Nomination and Remuneration Committee and the Board of Directors of the Company after having considered the contribution made by Mr. S. Kishore, Whole Time Director to the Company have approved the payment of remuneration of Rs. 7,50,000/- per month.

### **DISCLOSURES AS REQUIRED UNDER SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013**

#### **I. GENERAL INFORMATION:**

##### **a. Nature of Industry**

The Company was incorporated on 1 September, 2006 as KSK Energy Ventures Private Limited to undertake the business of financing, acquiring and owning power generation projects, including captive power generation projects based on various sources of energy. The name of the company was changed to KSK Energy Ventures Limited on 6 February, 2008 on conversion to Public Limited Company. The shares of the Company are listed on BSE limited and National Stock Exchange Limited.

The Company is engaged in the business of making investments in various forms in operating group companies engaged in power generation projects.

##### **b. Date or expected date of commencement of commercial production:**

Date of commencement of commercial operation: 1 September, 2006

##### **c. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus - Not Applicable.**

##### **d. Financial performance based on given indicators**

The details of financial performance of the Company for the financial year 2016-17 and 2017-18 are provided in the Annual Report which accompanies this Notice.

##### **e. Foreign investments or collaborations, if any:**

As per the shareholding pattern of the Company as on 31 March, 2018, the composite foreign investment in the Company stands at 43.76% comprising of:

- (i) 26.31% by foreign collaborators
- (ii) 4.63% by foreign group companies
- (iii) 6.21% by foreign portfolio investors;
- (iv) 6.22% by foreign bodies corporate; and



(v) 0.39% by non-resident Indians.

### II. INFORMATION ABOUT THE APPOINTEE:

#### a. Background details

Mr. S. Kishore is qualified Chartered Accountant. He leads the business development and capital raising (both equity and debt) initiatives of KSK Group. Prior to incorporating KSK, he was a financial advisor and consultant for major domestic as well as international businesses in emerging technology areas and advised multiple energy companies/ utilities/ market entrants since the early 1990s.

#### b. Past remuneration

The past remuneration of Mr. S. Kishore is Rs. 7,50,000/- (Rupees Seven Lakhs Fifty Thousands only) per month (which is inclusive of all perquisites, allowances and benefits excluding any annual increment/other benefits that may be provided/ paid as per the Company's policy).

#### c. Recognition or awards

Nil

#### d. Job profile and his suitability

Mr. S. Kishore is qualified Chartered Accountant. He leads the business development and capital raising (both equity and debt) initiatives of KSK Group. Prior to incorporating KSK, he was a financial advisor and consultant for major domestic as well as international businesses in emerging technology areas and advised multiple energy companies/ utilities/ market entrants since the early 1990s.

#### e. Remuneration proposed

Rs. 7,50,000/- (Rupees Seven Lakhs Fifty Thousands only) per month (which is inclusive of all perquisites, allowances and benefits excluding any annual increment/other benefits that may be provided/ paid as per the Company's policy). No change in remuneration is being proposed from the past remuneration.

#### f. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration is as per Section 197 read with Section 198 and Schedule V of the Companies Act, 2013 and is comparable to the remuneration of Whole-time Director levels of similar sized Companies.

#### g. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Besides the remuneration proposed to be paid to Mr. S. Kishore, he does not have any other pecuniary relationship directly or indirectly with the Company or relationship with any other managerial personnel.

### III. OTHER INFORMATION:

#### a. Reasons of loss or inadequate profits

The Company is engaged in the business of investing, financing, owning and acquiring power generation projects. The source of revenue/income for the Company is by way of dividend on the investments made. Since the investments are predominantly into power generation assets with long gestation periods the investments will take time to yield returns.

#### b. Steps taken or proposed to be taken for improvement

The Company is continuously monitoring the performance of its investments.

#### c. Expected increase in productivity and profits in measurable terms.

As aforesaid, the steps taken by the Company are expected to improve the Company's performance and profitability in



future.

#### **IV. DISCLOSURE**

As required, the relevant applicable information is provided in Directors Report for the financial year 2017-18 which is sent along with this notice.

The Board recommends the resolution in relation to the approval of remuneration to Mr. S. Kishore, Whole-time Director, for the approval of the members of the Company.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. S. Kishore is concerned or interested in resolution no. 6.

#### **Item No. 7: Approval for continuation of Mr. T.L. Sankar, as Independent Director**

The Members of the Company at their Annual General Meeting held on 27 September 2014 have approved the appointment of Mr. T.L. Sankar as an Independent Director of the Company for a period of five years with effect from 27 September, 2014. Mr. T.L. Sankar will complete his present term on 26 September, 2019.

In terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required for continuation of a Non-Executive Director beyond the age of seventy five years. The appointment of Mr. T.L. Sankar, aged 84 years is required to be approved by members by way of Special Resolution to continue his term till 26 September, 2019.

Mr. T.L. Sankar, is renowned in India as an energy expert. He has more than four decades of experience in the sector. The Nomination & Remuneration Committee ('the Committee') and the Board of Directors of the Company ('the Board') are of the view that in order to take advantage of Mr. T.L. Sankar's counsel and advice, it would be appropriate that he continues to serve on the Board till the completion of his present term of appointment as already approved by the Members. Accordingly, the Board at the meeting held on 11 August, 2018, on the recommendation of the Committee, recommended for the approval of the Members, continuation of Mr. T.L. Sankar as an Independent Director of the Company till the completion of his present term i.e. up to 26 September, 2019, on the existing terms and conditions.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. T.L. Sankar is concerned or interested in

By order of the Board of Directors

Sd/-

**Ranjith Kumara Shetty**  
Company Secretary

Place: Hyderabad

Date: 11.08.2018

CIN: L45204TG2001PLC057199

Regd. Off: 8-2-293/82/A/431/A,

Road No.22, Jubilee Hills,

Hyderabad - 500 033.

Ph: 040-23559922; Fax: 040-23559930

## Brief Profiles of Directors seeking appointment / re-appointment as required under Regulation 36(3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standards - 2

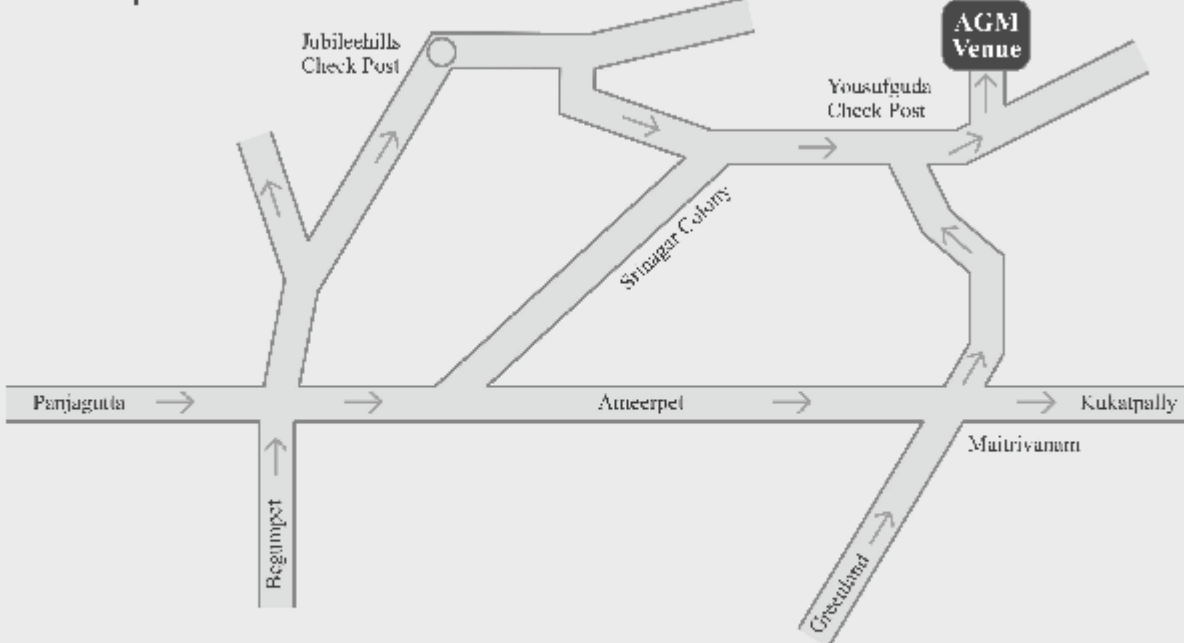
### Item Nos. 2, 3, 4 & 5

Name of the Director	Mr. S. Kishore	Mr. K. Bapi Raju	Ms. Alankrita Soni	Mr. Abhay M Nalawade
Date of Birth	25 June, 1962	2 March, 1964	28 May, 1983	23 February, 1949
Qualification	Chartered Accountant	Bachelor of Science degree in Electronics and Communications from Andhra University	Bachelor of Architecture from Apeejay School of Architecture and Planning, Greater Noida, India and post-graduation degree in Masters of The Built Environment (Sustainable Development) from The University of New South Wales, Sydney Australia	Graduate in Physics with Masters in Business Administration (MBA) from Pune University and Management Development Program from the Harvard Business School.
Expertise	Mr. S. Kishore leads the business development and capital raising (both equity and debt) initiatives of KSK Group. Prior to incorporating KSK, he was a financial advisor and consultant for major domestic as well as international businesses in emerging technology areas and advised multiple energy companies/ utilities/ market entrants since early 1990s.	Mr K. Bapi Raju has more than two decades of experience in the information technology industry. He leads the corporate affairs function of the Group and is also actively involved in formulating its corporate strategy.	Ms. Alankrita Soni is an Environmental Architect. She has been working in the field of sustainable habitat for over 10 years. She has undertaken extensive research on issues related to green building & infrastructure design, sustainability issues in developing countries, international agreements and national commitments to sustainable development and how this knowledge can be applied to policy planning, implementation and management problems, environmental impact assessment, environment management,	Mr. Abhay M Nalawade has more than four decades of experience in managing technology companies. His core experience has been in energy and environmental fields, since he had a long tenure director and later as the CEO and Managing Director of Thermax Limited - a major Indian multinational corporation. He is currently the Founder & Managing Director of EcoAxis Systems Private Limited which has created a Machine - to - Machine (M2M) communication platform

Continued...

				climate change, healthy built environment design, urban transportation and mobility, energy efficiency & integration of renewable in built infrastructure, sustainable materials & technologies, role of Corporate Social Responsibility (CSR) for environmental protection in built environment etc.	for continuous remote monitoring and analytics for industrial equipment, energy, water & waste water systems and CDM projects. He is also associated as an advisor with several companies in field of sustainable technologies.
Relationship with other directors and KMP	Not related to any other Director or Key Managerial personnel	Not related to any other director or Key Managerial personnel	Not related to any other Director or Key Managerial personnel	Not related to any other Director or Key Managerial personnel	Not related to any other director or Key Managerial personnel
Name(s) of listed entities in which Directorship held	KSK Energy Ventures Limited & Sai Regency Power Corporation Private Limited	KSK Energy Ventures Limited & Sai Regency Power Corporation Private Limited	KSK Energy Ventures Limited & Sai Regency Power Corporation Private Limited	KSK Energy Ventures Limited & Sai Regency Power Corporation Private Limited	KSK Energy Ventures Limited & Sai Regency Power Corporation Private Limited
Name of listed entities in which Committee membership/ Chairmanship held	1. Member of Audit, Finance & Authorisation, Stakeholders Relationship, Corporate Social Responsibility and Share Transfer Committees of KSK Energy Ventures Limited. 2. Chairman of share transfer committee, member of Finance & Authorisation, Corporate Social Responsibility Committees of Sai Regency Power Corporation Private Limited	Member of Finance & Authorisation and Share Transfer Committees and Chairman of Stakeholders Relationship Committee of KSK Energy Ventures Limited	Member of Audit and Nomination & Remuneration Committees of KSK Energy Ventures Limited.	1. Member of Audit and Nomination & Remuneration Committees of KSK Energy Ventures Limited. 2. Member of Audit and Nomination & Remuneration Committees of Sai Regency Power Corporation Private Limited	1. Chairman of Audit, Nomination & Remuneration Committees and Member of Corporate Social Responsibility Committee of KSK Energy Ventures Limited. 2. Chairman of Audit, Nomination & Remuneration Committees and Member of Corporate Social Responsibility Committee of Sai Regency Power Corporation Private Limited
Total shares held by him/her in the Company	Nil	Nil	Nil	Nil	Nil

**Route Map of the Venue of the AGM**



**ADDRESS**

Mini Conference Hall, National Institute for Micro, Small and Medium Enterprises,  
Yousufguda, Hyderabad - 500045,  
Telangana, India

## ATTENDANCE SLIP

I/we, hereby record my/our presence at the 18th Annual General Meeting of the Company held on Saturday, 29 September 2018, at 10.00 a.m. at Mini Conference Hall, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad - 500045, Telangana, India and at every adjournment thereof.

DP ID:	Regd. Folio/ Client ID No.:	
No. of Shares held:		
Name and Address of the Shareholder(s):		
If Shareholder(s), please sign here	If Proxy, please mention name and sign here	
	Name of Proxy	Signature

**Notes:**

1. Shareholder / Proxy-holder, as the case may be, is requested to produce the attendance slip duly signed at the entrance of the Meeting venue.
2. Members are requested to advise the change of their address, if any, to Karvy Computer Share Pvt. Ltd.

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name and Address of the Member(s) .....

E-mail id: .....

Folio No./Client ID: ..... DP ID: .....

No. of Shares held: .....

I/We, being the member(s) of KSK Energy Ventures Limited, hereby appoint:

1. Name: .....  
 Address: .....  
 E-mail Id: ..... Signature: ....., or failing him
2. Name: .....  
 Address: .....  
 E-mail Id: ..... Signature: ....., or failing him
3. Name: .....  
 Address: .....  
 E-mail Id: ..... Signature: .....

as my/our proxy to attend and vote (on a poll/e-voting) for me/us and on my/our behalf at the seventeenth Annual General Meeting of KSK Energy Ventures Limited to be held on Saturday, 29 September 2018, at 10.00 a.m. at Mini Conference Hall, National Institute for Micro, Small and Medium Enterprises, Yousufguda, Hyderabad - 500045, Telangana, India and at any adjournment thereof in respect of such resolutions as are indicated below:



Resolution No.	Resolutions	For	Against	Abstain
1	Adoption of a) audited financial statements of the Company b) audited consolidated financial statements for the Financial Year ended 31 March, 2018 and the Reports of the Directors and Auditors thereon			
2	Re-appointment of Mr. S. Kishore, Director who retires by rotation			
3	Appointment of Mr. K. Bapi Raju as Director			
4	Appointment of Ms. Alankrita Soni as an Independent Director			
5	Appointment of Mr. Abhay M Nalawade as an Independent Director			
6	Approval of remuneration of Mr. S. Kishore, Whole-time Director			
7	Approval for continuation of Directorship of Mr. T.L. Sankar, Chairman			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_



Please put a '✓' in the appropriate column against the resolutions indicated in the Box.

Note: The proxy form to be effective, should be duly stamped, completed, signed and must be returned so as to reach the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a Member of the Company.













## CORPORATE SUSTAINABILITY INITIATIVES







## KSK ENERGY VENTURES LIMITED

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

Ph: +91 40 2355 9922 - 25, Fax: +91 40 2355 9930

[www.ksk.co.in](http://www.ksk.co.in)