KSK Power Ventur PLC - KSK Audited Results for the year ended 31 March 2017
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KSK Power Ventur plc
("KSK" or the "Group" or the "Company")
Audited Results for the year ended 31 March 2017

KSK Power Ventur plc (KSK.L), the power project company listed on the London Stock Exchange, with interests in multiple power plants and businesses across India, announces its consolidated audited results for the year ended 31 March 2017.

Financial Highlights

- Gross Revenue decreased by 12% to $ 591 m (2016: $ 675 m)
- Gross Profit decreased by 37% to $ 145 m (2016: $ 231 m)
- Operating Profit increased by 12% to $ 179 m (2016: $ 160 m)
- Loss before tax at $ 174 m (2016: loss of $ 110 m)

These movements reflect a moderate increase in the plant load factor (PLF) at KSK Mahanadi being offset by lower PLF and operating performance at Sai Wardha, VS Lignite and other smaller generating assets in common with the wider structural and economic challenges being experienced by the Indian Power sector as a whole. The main factors holding back the Company's operational performance relate to achieving suitable fuel supply availability and acceptable costs, state agencies continuing failure to meet their commitments and non-receipt of payments in favour of the Group pursuant to specific rulings.

The increase in Operating Profit was due to $93m recognized as other income in respect of COMPAT ruling, the process to execute proceedings for the recovery of the claim under the law are currently underway, however this was offset by the higher finance cost at KSK Mahanadi wherein a debt refinancing has become necessary to complete the third and fourth 600 MW units to increase capacity to 2,400 MW. The Company is in discussions for equity collaboration and stake divestment at the project level which would enable the debt funding for the project being refinanced on the strength of collaboration with a new potential investor group. Upon the conclusion of such a new collaboration, the expected benefit of lower finance costs at KSK Mahanadi should be substantially recognised from FY 2019 onwards.

Comparison of results

During the year, there has been further depreciation of the Indian Rupee against the US Dollar from Rs 65.5 to Rs 67.15 and a comparison of results on constant currency basis has been tabulated below:

				March 2017 translated at March 2016 Rupee/$ exchange rate		
Particulars	31 March 2017 ($m)	31 March 2016 ($m)	% Change	31 March 2017 ($m)	31 March 2016 ($m)	% Change
Revenue*	591	675	(12%)	606	675	(10%)
Gross profit	145	231	(37%)	149	231	(35%)
Operating profit	179	160	12%	183	160	14%
(Loss) / profit before tax	(174)	(110)	58%	(178)	(110)	62%
Average exchange rate Rs/$	67.1508	65.5051		65.5051	65.5051	

*Includes revenue of $ 75 million (2016: $ 110 million) at KSK Mahanadi arising from change in law provision under the Power Purchase Agreements with State Utilities as well as Government of India directive on coal shortfalls but requiring determination by the Electricity Regulatory Commission before receipt of payment.

While recently we have enjoyed greater certainty towards an improvement in operating and financial performance, especially at KSK Mahanadi, as a result of the announcement of the new coal linkage policy "SHAKTI" (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India) by the Government of India in May 2017, the path to recovery and timing will continue to be uncertain until these new government policies on fuel linkages and the proposed coal supply auction mechanisms are finally implemented.

Operating Highlights

During the twelve month period, operating assets generated 9,402 GWh with an average portfolio plant load factor of 53%, (FY16: 9,987 GWh with a 55% load factor, FY 2015: 6,158 GWh with a 34% load factor, FY 2014: 5,757 GWh with 32% load factor), marginally less than the 10,000 GWh mark that was expected to be crossed during the year primarily on account of decreased generation at Sai Wardha and VS Lignite.

	31-Mar-17		31-Mar-16		31-Mar-15		31-Mar-14	
	GWH	**(%)**	**GWH**	**(%)**	**GWH**	**(%)**	**GWH**	**(%)**
KSK Mahanadi (1200 MW)	6,731	(64%)	6,368	(61%)*	3,203	(30%)*	1,088	(10%)*
Sai Wardha (540 MW)	1395	(29%)	1856	(39%)	1,174	(25%)	2,586	(55%)
VS Lignite (135 MW)	474	(40%)	792	(67%)	851	(72%)	902	(76%)
Sai Regency (58 MW)	379	(75%)	459	(90%)	423	(83%)	445	(88%)
Sai Lilagar (86 MW)	124	(16%)	172	(23%)	148	(20%)	341	(45%)
Sitapuram Power (43 MW)	281	(75%)	324	(86%)	343	(91%)	342	(91%)
Solar Project (10 MW)	18	(21%)	17	(19%)	16	(18%)	19	(22%)
Wind Project	-	-	-	-	-	-	33	(20%)
TOTAL	**9,402**	**(52%)**	**9,988**	**(55%)**	**6,158**	**(34%)**	**5,756**	**(32%)**

*KSK Mahanadi's PLF is calculated across the periods on the installed capacity base of 1200 MW although actual operations of this capacity only commenced substantially during the second half of FY 2016 (upon grant of the necessary transmission corridor access for supplying through the National Grid).

Notwithstanding the challenges across the sector, together with exchange rate volatility which is expected to continue during the current year, the combination of the Company's underlying assets, the risk mitigation strategies and certain recent positive developments within the power sector should, in the long term, assist in moving the Company back towards meeting market expectations.

EQUITY AND FINANCING ARRANGEMENTS

The Group's interest in underlying business has been supported by the equity raised and leverage at the holding companies. A secondary sale of project interests and refinancing opportunities on more favourable terms to provide the necessary liquidity to retire part of the existing high cost debt is being considered for ongoing business operations. Once its financial performance improves, the Group would be in a position to consolidate its equity interest and further increase equity stakes both at KSKEV and underlying power plants in the future. Consequently, the Company is holding discussions and evaluating proposals for further strategic funding and equity collaboration at the asset level with various potential participants.

Commenting on the results, T. L. Sankar, Chairman of KSK said:

"The financial year to 31 March 2017 witnessed the continuation of the prolonged period of challenges and uncertainty across the Indian power sector as a whole and the various operating power plants of the group in particular. While 2017-18 holds promise for enhanced performance, actual achievement is contingent upon a number of government initiatives being implemented, as well as the potential equity collaboration at KSK Mahanadi and debt refinancing negotiation being concluded during FY 2018. On this basis the Company is confident that, with support of its lenders, progress on KSK Mahanadi can be achieved and the third 600 MW units commissioned during the year. Steps towards a transparent auction process for coal linkages under the new SHAKTI Policy is a positive development which will help enable the coal requirements of our initial 2400 MW to be satisfied over the longer term before the coal requirements of the last 1200 MW are addressed.

However, the current constraints being faced in enforcing our rights against government counterparties in Sai Wardha and VS Lignite highlights the requirement of the Company to reconsider its business approach and explore alternative solutions and equity collaborations at each of the company' assets to preserve long term value. Such collaborations are being pursued with a spectrum of project stakeholders, including project lenders, operations and maintenance (O&M) contractors, fuel suppliers and others. The focus of the Company has also been to reduce the debt leverage within the various asset holding companies of the group, and the Company is currently in discussions with a number of potential strategic and financial investors to achieve the same

The operating performance during the year would not have been possible without the continued support of our shareholders, who have enabled us to pursue business opportunities against a background of challenging market conditions"

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Key Business Updates

3,600 MW KSK MAHANADI POWER PROJECT:

Construction of KSK Mahanadi, a large single location green field private power plant, has continued. There have been notable achievements during the year:

- The initial 1200 MW under operation generated 6,731 GWh during the year with a third 600 MW due to be commissioned over the next few months, followed by the fourth 600 MW unit thereafter.
- Mitigating arrangements were put in place to ensure power requirement of the various State Distribution Companies (Discoms) continue to be fulfilled by alternate sources pending the third 600 MW unit being fully commissioned and made operational.
- A scheme of arrangement was agreed with the lenders allowing the Raigarh Champa Rail Infrastructure SPV and the KSK Water Infrastructure SPV to be merged into KSK Mahanadi.
- Progress on the remaining 1200 MW (2x 600 MW units) is contingent upon project equity funding, as well as addressing fuel supply and Power Purchase Agreement (PPA) issues.

540 MW SAI WARDHA POWER GENERATION LIMITED (SWPGL):

The total gross power generated during the review period was 1,395 GWh as against the 1,856 GWh during FY 2016. This reflected the continued challenging local operating environment, the fuel and the offtake constraints experienced by SWPGL, and resultant pressure on working capital.

A significant achievement during the period at Sai Wardha was the final ruling by the Competition Appellate Tribunal ("COMPAT") in December 2016 awarding an amount of US$ 93m to be immediately recoverable from Western Coal Fields Limited (WCL) of the total claim of US$ 240m, and the process to execute proceedings for the recovery of the claim under the law are currently underway.

As regards, the final legal appeal of WCL and Coal India Limited (CIL), the Hon Supreme Court has not stayed the COMPAT order and 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 be determined by the COMPAT. 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") is also expected to be adjudicated by the Supreme Court shortly.

The Company continues to make every effort to pursue the coal price reduction and implementation of the APTEL direction, which we believe will ultimately lead to the enhanced utilisation and profitability of the SWPGL plant. However, proposals are under consideration for conversion of the project debt into equity and /or collaboration with a new investor consortium to address the project requirements before long term solutions on fuel and PPA are achieved.

135 MW VS LIGNITE POWER PRIVATE LIMITED (VSLP):

Total gross power generated during the year was 474 GWh as against the 792 GWh during FY 2016, reflecting the challenges experienced in the transition from Captive Power Plant (CPP) to Independent Power Plant (IPP) imposed under a local mandate by the Government. While efforts to secure necessary long term PPAs from the local grid continue, conversion of the project debt into equity and/or collaboration with a new investor consortium to address the project's requirements are being explored.

86 MW SAI LILAGAR POWER GENERATION LIMITED (SLPGL):

Total gross power generated during the year was 124 GWh as against 172 GWh during the previous year reflecting the transition from Captive Power Plant to Independent Power Producer. The Company anticipates increased generation, revenue and profitability from the SLPGL plant upon resolution of the various challenges it faces.

58 MW SAI REGENCY POWER CORPORATION PRIVATE LIMITED (SRPCPL):

Total gross power generated in the combined cycle gas fired power plant during the year was 379 GWh as against 459 GWh during the previous year, primarily on account of movement of gas supply arrangement from direct to auction basis. The PLF has recently improved and is operating at 81% PLF in the April to June 2017 quarter.

43 MW SITAPURAM POWER LIMITED (SPL):

Total gross power generated during the year was 281 GWh as against 324 GWh during the previous year. The fuel cost for the period under review continued to be high due to an increase in coal prices from the Singareni Collieries Company Limited, as well as from open market purchases. The energy generated in the period has been supplied to the captive consumers in accordance with the provisions of the PPA, and the balance of power generated has been sold to local utility companies.

10 MW SAI MAITHILI SOLAR POWER PROJECT (SMSPP):

Total gross power generated during the year was 18 GWh as against 17 GWh during the previous year. The 10 MW PV solar power generation plant of SMSPP is located in the state of Rajasthan, operating under the Jawaharlal Nehru National Solar Mission with a long term PPA

FINANCIAL PERFORMANCE

With a total operable capacity of 2,072 MW, albeit at a lower portfolio PLF compared to the previous year, the consolidated operating revenue achieved was $ 591 m, with a gross profit of $ 145 m, operating profits of $ 179 m, a loss before tax of $ 174 m, and a loss after tax of $ 159 m.

Net revenue decrease is largely as a result of decreased output levels at Sai Wardha and VS Lignite, which have been offset by improved power generation at KSK Mahanadi. Revenues also include $ 75 m due to changes in law pursuant to the Power Purchase Agreements with State Utilities and Government of India directive. However, receipt of this amount is subject to obtaining a ruling by the Electricity Regulatory Commission which was strengthened post the Supreme Court Ruling in May 2017. Similarly, at Sai Wardha $ 93 m of receivables from WCF have been recognised pursuant to the COMPAT ruling on the excess coal change for coal supplied.

Gross profit decreased to $ 145 m but operating profit increased to $ 179 m. There was a significant increase in finance costs from $ 296 m to $ 360 m due to increased borrowing levels with respect to operational power plants, especially at KSK Mahanadi.

Business Strategy

The Company's business strategy is to focus on consolidation of the operations of the power generation capacity while evaluating and concluding proposals for further strategic funding and equity collaboration at the asset level. Work continues on a number of major initiatives in this regard and with appropriate equity collaboration at KSK Mahanadi. The same coupled with potential cash accruals (post debt servicing) could provide the path for movement forward.

Obtaining the right fuel at the right price within the Indian power sector and supplying power to customers at sensible PPAs continues to be the main challenge facing the Company, but the majority of these are external issues and not directly within the Company's control to resolve. Against the current difficult Indian policy environment the Company continues to work tirelessly with the Government and the authorities at all levels seeking their support to address these Industry wide issues which, once they are resolved, will significantly improve the Company's financial performance over time.

OUTLOOK

The Company estimates that demand for power generation in India is expected to grow over the next decade, albeit with sporadic surprises and uncertainties with Government counterparties. The high quality of the Company's asset base means that KSK is well positioned to address the challenges as well as take advantage of these opportunities.

Once the remaining units of KSK Mahanadi power projects are added to the Company's existing portfolio, the Board believes KSK will be one of India's leading suppliers of power. However, in the short term the Board expects revenues and underlying profit to remain below the Board's initial expectations, but gradually improving over the longer term.

An extract of the Audited Consolidated and Company Financial Statements for the year ended 31 March 2017 is shown below.

A full set of accounts will be available from the Company website:

PRINCIPAL RISKS AND UNCERTAINITIES

The business of the Company is subject to a variety of risks and uncertainties which, if they occur may have a materially adverse effect on the Company's business or financial condition, results or future operations. The risks and uncertainties set out in this announcement are not exhaustive and there may be risks of which the Board is not aware or believes to be immaterial, which may, in the future, adversely affect the Company's business. The risks and uncertainties faced by the Company and the industry as a whole have been previously provided in detail in the Annual Reports of the Company and the Interim Statements. The majority of the risks previously identified have not significantly changed. While the Company attempts to address the same, the key risks and uncertainties continued to be faced by the Company are as follows:

- Delays 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;
- Liquidity risk, project financing and sustainable debt levels against invested equity in the projects.
- Delays 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 make 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 counterparties undertaking fuel supplies, power off take, transmission and open access amongst others;
- PPA Counterparties 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;
- Logistic 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; and
- Political and economic instability, global financial turmoil and the resultant fiscal and monetary policies as well as currency depreciation resulting in increasing cost structures.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 March
(All amounts in thousands of US $, unless otherwise stated)

		Consolidated		Company	
	Notes	**2017**	**2016**	**2017**	**2016**
ASSETS					
Non-current					
Property, plant and equipment, net		3,736,864	3,370,932	-	-
Intangible assets and goodwill		11,495	11,382	-	-
Investments and other financial assets	4	103,261	100,828	373,890	382,820

	Notes	Consolidated 2017	Consolidated 2016	Company 2017	Company 2016
Other non-current assets		60,390	52,620	-	-
Trade and other receivables		2,717	2,593	-	-
Deferred tax asset		167,951	141,327	-	-
		4,082,678	**3,679,682**	**373,890**	**382,820**
Current					
Investments and other financial assets	4	158,256	49,623	87	-
Other current assets		103,008	85,870	111	108
Trade and other receivables		457,018	367,139	-	-
Inventories		29,258	38,891	-	-
Cash and short-term deposits	5	105,079	122,800	969	1,194
		852,619	**664,323**	**1,167**	**1,302**
Total assets		**4,935,297**	**4,344,005**	**375,057**	**384,122**
EQUITY AND LIABILITIES					
Issued capital	6	289	289	289	289
Share premium	6	287,191	287,191	287,191	287,191
Foreign currency translation reserve	6	(143,123)	(147,152)	(477)	4,761
Revaluation reserve	6	1,352	1,385	-	-
Capital redemption reserve	6	16,045	16,045	-	-
Other reserves	6	102,578	146,234	185	169
Retained earnings	6	(175,303)	(56,670)	(32,255)	(25,589)
Equity attributable to owners of the Company		**89,029**	**247,322**	**254,933**	**266,821**
Non-controlling interests		185,227	168,418	-	-
Total equity		**274,256**	**415,740**	**254,933**	**266,821**
Non-current liabilities					
Loans and borrowings	7	3,267,005	2,700,202	-	-
Other non-current financial liabilities	8	13,815	23,239	-	-
Trade and other payables		64,961	30,496	-	-
Provisions		9,376	8,868	-	-
Deferred revenue		2,205	2,556	-	-
Employee benefit liability		1,177	1,057	-	-
Deferred tax liabilities		45,429	37,596	-	-
		3,403,968	**2,804,014**	**-**	**-**

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 March
(All amounts in thousands of US $, unless otherwise stated)

	Notes	Consolidated 2017	Consolidated 2016	Company 2017	Company 2016
Current liabilities					
Loans and borrowings	7	598,827	623,600	118,921	115,798
Other current financial liabilities	8	7,636	6,098	-	-
Trade and other payables		648,733	493,099	1,203	1,503
Deferred revenue		219	211	-	-
Taxes payable		1,658	1,243	-	-
		1,257,073	**1,124,251**	**120,124**	**117,301**
Total liabilities		**4,661,041**	**3,928,265**	**120,124**	**117,301**
Total equity and liabilities		**4,935,297**	**4,344,005**	**375,057**	**384,122**

CONSOLIDATED AND COMPANY INCOME STATEMENT
for the year ended 31 March
(All amounts in thousands of US $, unless otherwise stated)

	Notes	Consolidated 2017	Consolidated 2016	Company 2017	Company 2016
Revenue	9	591,258	674,547	-	-
Cost of revenue		(446,415)	(443,211)	-	-
Gross profit		**144,843**	**231,336**	**-**	**-**
Other operating income	10	95,667	1,675	-	-
Distribution costs		(3,719)	(8,640)	-	-
General and administrative expenses		(58,240)	(63,905)	(735)	(1,688)
Operating profit / (loss)		**178,551**	**160,466**	**(735)**	**(1,688)**
Finance costs	11	(360,244)	(296,470)	(5,931)	(4,974)
Finance income	12	7,694	26,336	-	-
Loss before tax		**(173,999)**	**(109,668)**	**(6,666)**	**(6,662)**
Income tax	13	15,103	14,064	-	-
Loss for the year		**(158,896)**	**(95,604)**	**(6,666)**	**(6,662)**
Attributable to:					
Owners of the Company		(120,600)	(72,922)	(6,666)	(6,662)
Non-controlling interests		(38,296)	(22,682)	-	-
		(158,896)	**(95,604)**	**(6,666)**	**(6,662)**
(Loss) / earnings per share					
Weighted average number of ordinary shares for basic and diluted earnings per share		175,308,600	175,308,600		
Basic and diluted (loss) / earnings per share (US $)		(0.69)	(0.42)		

CONSOLIDATED AND COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 March
(All amounts in thousands of US $, unless otherwise stated)

	Consolidated		Company	

	2017	2016	2017	2016
Loss for the year	**(158,896)**	**(95,604)**	**(6,666)**	**(6,662)**
Items that will never be reclassified to income statement				
Re-measurement of defined benefit liability	76	(114)	-	-
Income tax relating to re-measurement of defined benefit liability	(22)	19	-	-
	54	**(95)**	**-**	**-**
Items that are or may be reclassified subsequently to income statement				
Foreign currency translation differences	8,046	(28,412)	(5,238)	237
Available-for-sale financial assets				
- current year gain / (loss)	(241)	(116)	-	-
- reclassification to income statement	(11)	163	-	-
Income tax relating to available for sale financial asset	-	(456)	-	-
	7,794	**(28,821)**	**(5,238)**	**237**
Other comprehensive income / (expense), net of tax	**7,848**	**(28,916)**	**(5,238)**	**237**
Total comprehensive expense for the year	**(151,048)**	**(124,520)**	**(11,904)**	**(6,425)**
Attributable to:				
Owners of the Company	(116,664)	(91,017)	(11,904)	(6,425)
Non-controlling interests	(34,384)	(33,503)	-	-
	(151,048)	**(124,520)**	**(11,904)**	**(6,425)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2016
(All amount in thousands of US $, unless otherwise stated)

	Attributable to owners of Company										
	Issued capital	**Share premium**	**Share application money**	**Foreign currency translation reserve**	**Revaluation reserve**	**Capital redemption reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non - controlling interests**	**Total equity**
As at 1 April 2015	**289**	**287,191**	**16,498**	**(129,431)**	**1,418**	**10,855**	**147,317**	**15,590**	**349,727**	**203,374**	**553,**
Refund of share application money	-	-	(16,498)	-	-	-	-	-	**(16,498)**	-	**(16,4**
Change in non-controlling interests without change in control	-	-	-	-	-	-	(756)	-	**(756)**	4,366	**3,**
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-		-	5,819	**5,819**	(5,819)	
Equity-settled share based payment	-	-	-	-	-	-	47	-	**47**	-	
Transfer of profit to capital redemption reserve	-	-	-	-	-	5,190		(5,190)	-	-	
Net depreciation transfer for property, plant and equipment	-	-	-	-	(33)	-	-	33	-	-	
Transaction with owners	-	-	**(16,498)**	-	**(33)**	**5,190**	**(709)**	**662**	**(11,388)**	**(1,453)**	**(12,8**
Loss for the year	-	-	-	-	-	-	-	(72,922)	**(72,922)**	(22,682)	**(95,6**
Other comprehensive income											
Items that will never be reclassified to income statement											
Re-measurement of defined benefit liability	-	-	-	-	-	-	(114)	-	**(114)**	-	**(1**
Income tax relating to re-measurement of defined benefit liability	-	-	-	-	-	-	19	-	**19**	-	
Items that are or may be reclassified subsequently to income statement											
Foreign currency translation differences	-	-	-	(17,721)	-	-	-	-	**(17,721)**	(10,691)	**(28,4**
Available-for-sale financial assets											
- current year (loss) / gain	-	-	-	-	-	-	(131)	-	**(131)**	15	**(1**
- reclassification to profit or loss	-	-	-	-	-	-	163	-	**163**	-	
Income tax relating to available-for-sale financial asset	-	-	-	-	-	-	(311)	-	**(311)**	(145)	**(4**
Total comprehensive expenses for the year	-	-	-	**(17,721)**	-	-	**(374)**	**(72,922)**	**(91,017)**	**(33,503)**	**(124,5**
Balance as at 31 March 2016	**289**	**287,191**	-	**(147,152)**	**1,385**	**16,045**	**146,234**	**(56,670)**	**247,322**	**168,418**	**415,**

(See accompanying notes to the Consolidated and Company financial statements)

[1] 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 f value of the equity share capital held and the same is also reflected in the Consolidated income statement. However, the non controlling interest disclosed in the Consolidated statemen changes in equity is calculated in the proportion of the actual shareholding as at the reporting date.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2017
(All amount in thousands of US $, unless otherwise stated)

	Attributable to owners of Company									
	Issued capital	**Share premium**	**Foreign currency translation reserve**	**Revaluation reserve**	**Capital redemption reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non - controlling interests**	**Total equity**
As at 1 April 2016	**289**	**287,191**	**(147,152)**	**1,385**	**16,045**	**146,234**	**(56,670)**	**247,322**	**168,418**	**415,7**
Change in non-controlling interests without change in control (refer note 3)	-	-	-	-	-	(43,579)	-	**(43,579)**	53,127	**9,5**
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-	-	1,934	**1,934**	(1,934)	

Equity-settled share based payment	-	-	-	-	-	16	-	**16**	-	
Net depreciation transfer for property, plant and equipment	-	-	-	(33)	-	-	33	-	-	
Transaction with owners	**-**	**-**	**-**	**(33)**	**-**	**(43,563)**	**1,967**	**(41,629)**	**51,193**	**9,5**
Loss for the year	-	-	-	-	-	-	(120,600)	**(120,600)**	(38,296)	**(158,89**
Other comprehensive income										
Items that will never be reclassified to income statement										
Re-measurement of defined benefit liability	-	-	-	-	-	73	-	**73**	3	
Income tax relating to re-measurement of defined benefit liability	-	-	-	-	-	(22)	-	**(22)**	-	**(2**
Items that are or may be reclassified subsequently to income statement										
Foreign currency translation differences	-	-	4,029	-	-	-	-	**4,029**	4,017	**8,0**
Available-for-sale financial assets										
- current year (loss) / gain	-	-	-	-	-	(133)	-	**(133)**	(108)	**(24**
- reclassification to profit or loss	-	-	-	-	-	(11)	-	**(11)**	-	**(1**
Total comprehensive income / (expenses) for the year	**-**	**-**	**4,029**	**-**	**-**	**(93)**	**(120,600)**	**(116,664)**	**(34,384)**	**(151,04**
Balance as at 31 March 2017	**289**	**287,191**	**(143,123)**	**1,352**	**16,045**	**102,578**	**(175,303)**	**89,029**	**185,227**	**274,2**

(See accompanying notes to the Consolidated and Company financial statements)

[1] 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 fa value of the equity share capital held and the same is also reflected in the Consolidated income statement. However, the non controlling interest disclosed in the Consolidated Statement changes in equity is calculated in the proportion of the actual shareholding as at the reporting date.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2017
(All amount in thousands of US $, unless otherwise stated)

	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Other reserve	Retained earnings	Total Equity
As at 1 April 2015	**289**	**287,191**	**16,498**	**4,524**	**122**	**(18,927)**	**289,697**
Refund of share application money	-	-	(16,498)	-	-	-	**(16,498)**
Equity-settled share based payment	-	-	-	-	47		**47**
Transaction with owners	**-**	**-**	**(16,498)**	**-**	**47**	**-**	**(16,451)**
Loss for the year	-	-	-	-	-	(6,662)	**(6,662)**
Other comprehensive income							
Foreign currency translation differences	-	-	-	237	-	**-**	**237**
Total comprehensive income / (expense) for the year	**-**	**-**	**-**	**237**	**-**	**(6,662)**	**(6,425)**
Balance as at 31 March 2016	**289**	**287,191**	**-**	**4,761**	**169**	**(25,589)**	**266,821**
As at 1 April 2016	**289**	**287,191**	**-**	**4,761**	**169**	**(25,589)**	**266,821**
Equity-settled share based payment	-	-	-	-	16	-	**16**
Transaction with owners	**-**	**-**	**-**	**-**	**16**	**-**	**16**
Loss for the year	-	-	-	-	-	(6,666)	**(6,666)**
Other comprehensive income							
Foreign currency translation differences	-	-	-	(5,238)	-	**-**	**(5,238)**
Total comprehensive expense for the year	**-**	**-**	**-**	**(5,238)**	**-**	**(6,666)**	**(11,904)**
Balance as at 31 March 2017	**289**	**287,191**	**-**	**(477)**	**185**	**(32,255)**	**254,933**

(See accompanying notes to Consolidated and Company financial statements)

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 March
(All amount in thousands of US $, unless otherwise stated)

	Consolidated		Company	
	2017	**2016**	**2017**	**2016**
Cash inflow / (outflow) from operating activities				
Loss before tax	(173,999)	(109,668)	(6,666)	(6,662)
Adjustment				
Depreciation and amortization	100,478	91,068	-	-
Finance cost	361,252	317,817	6,112	8,212
Finance income	(7,694)	(15,773)	-	-
Provision and impairment of trade receivable, PPE and other receivable	15,062	29,353	-	912
(Profit) / loss on sale of fixed assets, net	(230)	5	-	-
Others	(28)	(182)	9	(65)
Change in				
Trade receivables and unbilled revenue	(107,925)	(222,093)	-	-
Inventories	9,633	(6,438)	-	-
Other assets	(130,042)	(12,111)	(17)	214
Trade payables and other liabilities	72,278	71,699	48	260
Provisions and employee benefit liability	(188)	346	-	-
Cash generated from / (used in) operating activities	**138,597**	**144,023**	**(514)**	**2,871**
Taxes refund, net	5,836	80	-	-
Net cash provided by / (used in) operating activities	**144,433**	**144,103**	**(514)**	**2,871**
Cash inflow / (outflow) from investing activities				
Movement in restricted cash, net	23,281	50,487	-	-
Purchase of property, plant and equipment and other non-current assets	(188,637)	(58,518)	-	-
Proceeds from sale of property, plant and equipment	4,110	2,605	-	-
Purchase of financial assets	(20,039)	(4,910)	-	-

Proceeds from sale of financial assets	65	8,541	296	17,826
Dividend received	107	417	-	-
Interest income received	11,893	14,099	-	-
Net cash (used in) / provided by investing activities	**(169,220)**	**12,721**	**296**	**17,826**
Cash inflow / (outflow) from financing activities				
Proceeds from borrowings	713,642	501,317	2,958	52,843
Repayment of borrowings	(219,914)	(276,115)	-	(51,609)
Finance costs paid	(483,091)	(377,058)	(2,785)	(2,286)
Payment of derivative liabilities	(9,523)	(9,333)	-	-
Advance received for sale of investment	25,239	4,024	-	-
Net proceeds from issue of shares and share application money in subsidiary to non-controlling interest	1,818	2,984	-	-
Net refund of share application money	-	(16,498)	-	(16,498)
Net cash flow (used in) / provided by financing activities	**28,171**	**(170,679)**	**173**	**(17, 550)**
Effect of exchange rate changes	2,176	(10,854)	(180)	(3,018)
Net increase / (decrease) in cash and cash equivalent	**5,560**	**(24,709)**	**(225)**	**129**
Cash and cash equivalents at the beginning of the year	16,024	40,733	1,194	1,065
Cash and cash equivalents at the end of the year (refer note 5)	**21,584**	**16,024**	**969**	**1,194**

(See accompanying notes to the Consolidated and Company financial statements)

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2017

(All amount in thousands of US $, unless otherwise stated)

1. Corporate information

1.1. General information

KSK Power Ventur plc ('the Company' or 'KPVP' or 'KSK' or 'Parent'), a limited liability corporation, is the Group's parent Company and is incorporated and domiciled in the Isle of Man. The address of the Company's Registered Office, which is also principal place of business, is Fort Anne, Douglas, Isle of Man, IM1 5PD. The Company's equity shares are listed on the Standard List on the official list of the London Stock Exchange.

1.2. Nature of operations

KSK Power Ventur plc, its subsidiaries and joint operations (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 9.

1.3. Statement of compliance /responsibility statement

a. The Consolidated and Company financial statements contained in this document have been prepared in accordance with International Financial Accounting Standard and its interpretations as adopted by European Union ('EU') and the provisions of the Isle of Man, Companies Act 1931-2004 applicable to companies reporting under IFRS and gives a true and fair view of the assets, liabilities, financial position and the profit or loss of the group as required by Disclosure and Transparency Rules ("DTR") 4.2.4R;

b. the management report contained in this document includes a fair review of the information required by the Financial Conduct Authority's DTR 4.2.7R (being an indication of important events that have occurred during the financial year and their impact on the financial statements; and a description of the principal risks and uncertainties);

c. this document includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein);

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

1.4. Financial period

The Consolidated and Company financial statements cover the period from 1 April 2016 to 31 March 2017, with comparative figures from 1 April 2015 to 31 March 2016.

1.5. Basis of preparation

These Consolidated financial statements have been prepared on the historical cost convention and on an accrual basis, 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 upon initial recognition are measured at fair value;
- Available-for-sale financial assets that are measured at fair value; and
- Liabilities for cash-settled shared-based payment arrangements
- Net employee defined benefit (asset) / liability that is measured based on actuarial valuation.

The financial statements of the Group and the Company have been presented in United States Dollars ('US $'), which is the presentation currency of the Company. All amounts have been presented in thousands, unless specified otherwise.

Balances represent consolidated amounts for the Group, unless otherwise stated. The Company's financial statement represents separate financial statement of KPVP.

Going Concern:

These financial statements have been prepared on the going concern basis which assumes the Group and the Company will have sufficient funds to continue its operational existence for the foreseeable future, covering at least twelve months from the date of signing these financial statements. This is based on the Group's assessment of the business, sectoral developments, underlying economic environment as well as approach towards addressing the business challenges faced by operating assets to achieve optimistic solutions thereto. The Group is making cautious efforts to preserve and maximize the economic value of the underlying power generation assets and recognizes that dilution of equity interest at some of these power plants could be the potential outcome and with support from the project stakeholders at each of such assets it would be able to address the requirements of Going Concern at each of the same. However, the Group is exposed to a number of operational, legal, financial, economic and political risks, including:

Capital structure

The Group is seeking additional equity financing and/or debt restructuring in respect of the KSK Mahanadi and other key power plant projects in order to stabilise the projects development and the Groups financing and operating obligations. The Group is currently pursuing a number of avenues in this regard and expects positive outcomes during late 2017. It is anticipated by management that a number of the financing facilities will be restructured during the next 12 months and that the Group's proportion of equity holdings in significant projects may be diluted as a result of these initiatives. However there can be no certainty as to the outcome of these negotiations or the impact on the finances of the Group.

Financial

The Group requires funds for both short term operational needs as well as for long term investment programs, mainly in construction projects for its power plants. As at 31 March 2017, the Group has net current liabilities of US $ 404,454 and is dependent on a continuation of both short term and long term debt financing facilities. A number of the facilities that are due to expire at or before 31 March 2018 are in the process of being extended and have a rollover clause in a number of cases, and the Group may refinance and/or restructure certain short term borrowings into long term borrowings and will also consider alternative sources of financing, where applicable. The Directors consider that facilities will remain available to the Group based on current trading, current covenant compliance and ongoing discussions with the Group's primary lending consortium regarding future facilities and arrangements in respect of current borrowings. During the year the Group breached certain debt service covenant requirements in respect of loan facilities - the Group remains in active discussions with its lenders with regard to the provision of facilities.

Operational

The Group continues to generate cash flows from current operations which are further expected to increase with improved PLF in the existing 1200 MW KSK Mahanadi and Sai Wardha operations, and incremental cash flows upon expected commissioning of another two units of 600 MW each and also on account of reduction in coal procurement costs with the new coal policy called 'SHAKTI'. Also in Sai Wardha, with recent COMPAT order, the Group is confident of reduction in overall coal price and thereby increases in operating cash flow. These factors are key assumptions with regard to management's forecasts and expectations.

Legal and claims

The Group is also involved in a number of on-going legal and claim matters. These may impact on the timing of receipt and value of receivables recognised in the financial statements. For example, the Group has experienced delays and legal challenge to the settlement of significant receivables, including c$220m recognized in respect of change in law claim under PPA due to fuel input considerations, which the Group has recognized in accordance with the PPA, has obtained legal advice in respect of and considered the recent ruling of Central Electrical Regulatory Commission and Honorable Supreme Court of India in similarly placed power projects, as such management consider the entire claim as fully recoverable, and c$93m recognized in the period due to fuel supply issues from Western Coalfields Limited and Coal India Limited, wherein the Competition Appellate Tribunal and Honorable Competition Commission of India have ruled in favour of the Company. Notwithstanding these rulings the Group has not forecast receipt of these amounts in the going concern cash flow analysis prepared by management due to the uncertainty regarding timing of receipt. In addition the Group is subject to a number of claims, whilst the Group considers that it has a strong position of defense in respect, these proceedings may result in outflows that are not currently recognized. For further details refer to note 15 (b).

Political environment

Given the country and sector of operations the Group is exposed to political uncertainties that may result in changes in government policy which may materially affect the business plans, of the Group and amounts recognised in the financial statements.

Commitments

The Group also has significant capital commitments at the period-end of which a portion is due to be met during the next 12 months, primarily in respect of on-going plant construction projects at KSK Mahanadi. However, the Group currently has also significant committed undrawn borrowing facilities, subject to certain conditions, amounting to approximately US $ 479,852 to meet its long term investment programmes. The Group has already entered in to Common Loan Agreement with the Lenders at KSK Mahanadi with respect to cost overrun debt sanctioned of US $ 892,252 and the remaining draw down of these funds of US $ 393,958 is not impacted by the current restructure negotiations or breaches on financing facilities. This will facilitate drawing the balance of the debt depending upon the investment required for construction of project and resultant surpluses of operational cash flows available to meet Group obligations.

Conclusion

Nonetheless Group monitors the situation on an on-going basis and plans alternative arrangements where possible. The outcome of the above factors is subject to material uncertainty and may impact on the timing of the strategic development of power plants, the Groups proportional equity holdings in significant projects and the going concern of the Group. However, the Directors continue to have a reasonable expectation that the Company and Group are well placed to manage their business risks and continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting when preparing these financial statements.

2. 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 2016, 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 2016.

- **IFRS 14 - Regulatory Deferral Accounts:** IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and Other Comprehensive Income ('OCI'). The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is not subject to any rate regulation and is an existing IFRS preparer, this standard would not apply.

- **IFRS 11 - Accounting for acquisition of interest in Joint Operations (Amendments):** The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

- **IAS 16 & IAS 38 - Clarification of Acceptable Methods of Depreciations and Amortisation (Amendments):** The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- **IAS 16 & IAS 41 - Agriculture: Bearer Plant (Amendments):** The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

- **IAS 27 - Equity method in Separate Financial Statements (Amendments):** The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- **IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception (Amendments):** The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

  Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

  These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

- **IAS 1 - Disclosure Initiative (Amendments):** The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

  - The materiality requirements in IAS 1

- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

- **Annual Improvements 2012-2014 Cycle:** These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

  - **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.
  - **IFRS 7 Financial Instruments: Disclosures**

    Servicing contracts: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

    Applicability of the amendments to IFRS 7 to condensed interim financial statements: The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.
  - **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.
  - **IAS 34 Interim Financial Reporting:** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

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

3. Acquisition and Dilution - change in non-controlling interest without change in control

Dilution in KSK Energy Ventures Limited

During the year ended 31 March 2017, 43,840,496 equity shares in KSK Energy Ventures Limited ("KEVL") were sold to non - controlling interest. Pursuant to this the economic interest of the Group in KEVL has decreased from 68.17 percent to 57.83 percent resulting in a 10.34 percent decrease in Group's controlling interest in subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and accordingly no gain or loss is recognised in the consolidated income statement. The difference of US $ 34,514, between the fair value of the net consideration received US $ 7,702 and the amount by which the non-controlling interest are adjusted US $ 42,216, is debited to 'Other reserve' within consolidated statement of changes in equity and attributed to the owners of the Company.

Forfeiture of share warrant

During the year ended 31 March 2015, the Group has issued 80,808,080 warrants of face value of Rs 10 (US $ 0.16) each in KSK Energy Ventures Limited ('KEVL'), an Indian Listed subsidiary to KSK Power Holdings Limited ("KPHL") with an option to apply for and be allotted equivalent number of equity shares of the face value of Rs 10 (US $ 0.16) each at a premium of Rs 89 (US $ 1.45) each on a preferential basis.

During the year ended 31 March 2017, KPHL has not exercised the right of conversion of balance 69,856,800 warrants resulting in forfeiture of the same. The aforesaid transaction is accounted as an equity transaction, and accordingly no gain or loss is recognised in the consolidated income statement. An amount of US $ 8,195 by which the non-controlling interest is adjusted and debited to 'other reserve' within Consolidated statement of changes in equity and attributed to the owners of the Company.

Acquisition in KSK Mahanadi Power Company Limited

During the year ended 31 March 2017, the Group has issued additional 62,000,000 equity shares in KSK Mahanadi Power Company Limited ("KMPCL") to KSK Energy Ventures Limited ("KEVL") and 97,360,000 equity shares to KSK Energy Company Private Limited ("KECPL") at a face value of Rs 10 (US $ 0.16) at par.

Pursuant to above, the economic interest of the Group in KMPCL increased by 2.69 percent in a subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the consolidated income statement. Pursuant to this an amount of US $ 454 by which the non controlling interest is adjusted, is debited to 'other reserve' within Consolidated statement of changes in equity and attributed to the owners of the company.

Dilution of KSK Water Infrastructure Private Limited

During the period ended 31 March 2017, the Group has transferred 30,000,000 equity shares of Rs 10 (US $ 0.16) at par in KSK Water Infrastructure Private Limited ("KWIPL") held by KSK Energy Company Private Limited ("KECPL") to KSK Mahanadi Power Company Limited ("KMPCL")

Pursuant to above, the economic interest of the Group in KWIPL decreased by 4.62 percent in subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the consolidated income statement. Pursuant to this an amount of US $ 452 by which the non-controlling interest is adjusted, is credited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the company.

Dilution of KSK Wind Energy Halagali Benchi Private Limited ('KWEHBPL'), KSK Wind Power Sankonahatti Athni Private Limited ('KWPSAPL') and KSK Wind Energy Mothalli Haveri Private Limited ('KWEMHPL')

During the period ended 31 March 2017, the Group has transferred 2,563,254 equity shares of Rs 10 (US $ 0.16) at par in KWEHBPL, 2,544,485 equity shares of Rs 10 (US $ 0.16) at par in KWEMHPL, 2,544,481 equity shares of Rs 10 (US $ 0.16) at par in KWPSAPL held by KSK Green Energy Pte Limited to KSK Electricity Financing India Private Limited.

Pursuant to above, the economic interest of the Group in KWEHBPL, KWEMHPL, KWPSAPL decreased by 31.83 percent each in subsidiaries without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the consolidated income statement. Pursuant to this an amount of US $ 755 by which the non-controlling interest is adjusted, is debited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the company.

Dilution of KSK Wind Power Aminabhavi Chikodi Private Limited ('KWPACPL')

During the period ended 31 March 2017, the Group has transferred 773,254 equity shares of Rs 10 (US $ 0.16) at par in KWPACPL held by KSK Green Energy Pte Limited to KSK Electricity Financing India Private Limited

Pursuant to above, the economic interest of the Group in KWPACPL decreased by 9.56 percent without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the consolidated income statement. Pursuant to this an amount of US $ 111 by which the non-controlling interest is adjusted, is debited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the company.

4. Investments and other financial assets

	Consolidated		Company	
	2017	**2016**	**2017**	**2016**
Current				
Financial assets at fair value through profit or loss				
- held for trading	5,410	5,177	-	-
Loans and receivables	152,846	44,446	87	-
	158,256	**49,623**	**87**	**-**
Non-current				
Financial assets at fair value through profit or loss				
- Derivative assets	40,297	45,872	-	-
Available-for-sale investments	17,970	17,938	-	-
Deposit with banks	9,079	4,994	-	-

	Consolidated		Company	
	2017	2016	2017	2016
Loans and receivables	34,382	30,523	-	-
Loans to and receivables to Joint Venture partner	1,533	1,501	-	-
Loans to and receivable to subsidiaries	-	-	147,002	155,978
Investment in subsidiaries	-	-	226,888	226,842
	103,261	**100,828**	**373,890**	**382,820**
Total	**261,517**	**150,451**	**373,977**	**382,820**

Financial assets at fair value through profit or loss (held for trading)

The Group has invested into short-term mutual fund units and equity securities in various companies being quoted on Indian stock market which are designated as held for trading. The fair value of the mutual fund units and equity securities are determined by reference to published data.

Available-for-sale investment

The Group has investments in listed equity securities of various companies being quoted on the Indian and London stock markets respectively. The fair value of the quoted equity shares are determined by reference to published data. The Group also holds non-controlling interest (1%-25%) in unlisted entities which are in the business of power generation and allied projects. The Group designated these quoted and unquoted equity shares as available-for-sale investment in accordance with the documented investment strategy of the Group to manage and evaluate performance of the equity shares on fair value basis. The fair value of unquoted ordinary shares has been estimated using a relative valuation using price earnings ratio / book value method. The valuation requires management to make certain assumptions about the inputs including size and liquidity.

Derivative assets

Derivative assets include currency option contracts and currency forward contracts carried at fair value. Fair value of currency options is determined by an independent valuer, which is the counterparty in the contracts. Fair value of currency forwards is determined by mark to market value of the forward on the date of the financial position.

Loans and receivables

This primarily includes inter-corporate deposits of US $ 21,391 (2016: US $ 9,313), deferred loan origination costs US $ Nil (2016: US $ 2,496), security deposit US $ 60,610 (2016: US $ 54,925), advance for investments US $ 1,637 (2016: US $ 1,603) and other financial assets US $ 103,590 (2016: US $ 6,632).

Investment in subsidiaries

Investment primarily includes unquoted investments in subsidiaries in the Company financial statements. The Company has invested in 139,244,601 (2016: 139,244,601) equity shares in KEL, 12,000 (2016: 12,000) equity shares in KASL, 84,146,843 (2016: 84,146,843) equity shares in KGEPL and 1 (2016: 1) equity share in KSVP totalling to US $ 226,888 (2016: US $ 226,842).

The Company is carrying investment and advances to subsidiaries amounting to US $ 291,270 (net of US $ 82,620 of borrowings from subsidiaries) in the separate financial statement at cost. Even though the consolidated equity of the Group is US $ 89,029 and the market capitalisation is c US $120,000, Management believes there are no permanent diminutions in the investment value because the underlying power generating assets have significant inbuilt intrinsic value and long term economic value. Also as against the net carrying value of US $ 291,270 investment by the Company, the aggregate equity investment made across the various power project SPVs is significantly in excess of the carrying value. Therefore, management believes that the lower consolidated equity vis a vis investment value is only a temporary event, and reflects the commissioning and current operational challenges at the project SPVs as a result of the power sector in India as a whole. This in no way interferes with the long term value held in the strategic assets via the investment in subsidiaries, which are held for a long term purpose to generate yield returns over the economic life of the asset. Therefore management has concluded that no impairment in the carrying value of the investment in subsidiaries at cost in the separate financial statement is necessary at the current time.

Investment and other financial assets amounting to US $ 204,706 (2016: US $ 99,593) for the Group are subject to security restrictions (refer note 7).

Impairment of financial assets

During the year ended 31 March 2017, the Group's available-for-sale financial asset of US $ Nil (2016: US $ 170) and loans and receivable of US $ 308 (2016: US $ 16,481) were collectively impaired.

During the year ended 31 March 2017, the Company's loans and receivable of US $Nil (2016: US $ 912) were collectively impaired and written off.

5. Cash and short-term deposits

Cash and short-term deposits comprise of the following:

	Consolidated		Company	
	2017	2016	2017	2016
Cash at banks and on hand	21,565	16,022	969	1,194
Short-term deposits	83,514	106,778	-	-
Total	**105,079**	**122,800**	**969**	**1,194**

Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group.

The Group has pledged its short-term deposits amounting US $ 83,457 (2016: US $ 106,739) in order to fulfil collateral requirements (refer note 7).

For the purpose of cash flow statement, cash and cash equivalent comprise:

	Consolidated		Company	
	2017	2016	2017	2016
Cash at banks and on hand	21,565	16,022	969	1,194
Short-term deposits	83,514	106,778	-	-
Total	**105,079**	**122,800**	**969**	**1,194**
Less: Restricted cash[1]	(83,495)	(106,776)	-	-
Cash and cash equivalent	**21,584**	**16,024**	**969**	**1,194**

[1]Include deposits pledged for prevailing credit facilities from banks and deposits with maturity term of three months to twelve months (refer note 7).

6. Issued share capital

Share capital

The Company presently has only one class of ordinary shares. For all matters submitted to vote in the shareholders' meeting, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

The Company has an authorised share capital of 500,000,000 equity shares (2016: 500,000,000) at par value of £ 0.001 (US $ 0.0013) per equity share amounting to US $ 650. The issued and fully paid up number of shares of the Company is 175,308,600 (2016: 175,308,600). During the year Company has not issued/ bought back any ordinary share.

Share application money represents amount received from investors/parents pending allotment of ordinary shares.

Reserves

Share premium represents the amount received by the Group over and above the par value of shares issued. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax consequences. Revaluation reserve comprises gains and losses due to the revaluation of previously held interest of the assets acquired in a business combination.

Foreign currency translation reserve is used to record the exchange difference arising from the translation of the financial statements of the Group entities and the same is not distributable.

Capital redemption reserve represents statutory reserve required to be maintained under local law of India on account of redemption of capital. The reserve is credited equivalent to amount of capital redeemed by debiting retained earnings and the same is not distributable.

Other reserve represents the difference between the consideration paid and the adjustment to net assets on change of controlling interest, without change in control and the excess of the fair value of share issued in business combination over the par value of such shares. Any transaction costs associated with the issuing of shares by the subsidiaries are deducted from other reserves, net of any related income tax consequences. Further, it also includes the loss/gain on fair valuation of available-for-sale financial instruments and re-measurement of defined benefit liability net of taxes and the same is not distributable.

Retained earnings mainly represent all current and prior year results as disclosed in the consolidated income statement and consolidated other comprehensive income less dividend distribution.

7. Loans and borrowings

The loans and borrowings comprise of the following:

	Interest rate (range %)	Final maturity	Consolidated 2017	Consolidated 2016	Company 2017	Company 2016
Long-term "project finance" loans	3.51 to 19.75	April-38	3,342,527	2,793,569	-	-
Short-term loans	0.00 to 26.00	March-20	142,953	158,762	83,921	80,798
Buyers' credit facility	1.53 to 4.17	March-18	81,238	138,614	35,000	35,000
Cash credit and other working capital facilities	10.90 to 17.50	March-18	241,918	194,255	-	-
Redeemable preference shares	0.01	January-29	5,940	5,817	-	-
Debentures	0.01 to 21.00	March-25	51,256	32,785	-	-
Total			**3,865,832**	**3,323,802**	**118,921**	**115,798**

The interest-bearing loans and borrowings mature as follows:

	Consolidated 2017	Consolidated 2016	Company 2017	Company 2016
Current liabilities				
Amounts falling due within one year	598,827	623,600	118,921	115,798
Non-current liabilities				
Amounts falling due after more than one year but not more than five years	1,208,631	925,489	-	-
Amounts falling due in more than five years	2,058,374	1,774,713	-	-
Total	**3,865,832**	**3,323,802**	**118,921**	**115,798**

Total debt of US $ 3,865,832 (2016: US $ 3,323,802) comprised:

- Long-term "project finance" loans of the Group amounting US $3,342,527 (2016: US $ 2,793,569) is fully secured on the property, plant and equipment and other assets of subsidiaries and joint operations that operate power stations, allied services and by a pledge over the promoter's shareholding in equity and preference capital of some of the subsidiaries and joint operations and corporate guarantee provided by the Company.
- The short term loans taken by the Group are secured by the corporate guarantee provided by the Company, pledge of fixed deposits of the Group and by pledge of shares held in the respective entities.
- Buyer's credit facility is secured against property, plant and equipment and other assets on pari-passu basis, pledge of fixed deposits and corporate guarantee of KEVL.
- A number of the facilities that are due to expire at 31 March 2018 are in the process of being extended and have a rollover clause in a number of cases.
- Cash credit and other working capital facilities are fully secured against property, plant and equipment and other assets on pari-passu basis with other lenders of the respective entities availing the loan facilities.
- Redeemable preference shares are due for repayment within next 12 years.
- Debentures are secured on the property, plant and equipment and other assets of subsidiaries that operate power stations, allied services and by a pledge over the promoter's shareholding in equity capital of some of the subsidiaries.

Long-term "project finance" loan contains certain restrictive covenants for the benefit of the facility providers and primarily requires the Group to maintain specified levels of certain financial ratios and operating results. The terms of the other borrowings arrangements also contain certain restrictive covenants primarily requiring the Group to maintain certain financial ratios. As of 31 March 2017, the Group has complied with the relevant significant covenants, while there are few financial ratios which are not met and management is in discussion with the lenders for addressing the same. However, these do not have any significant impact on the Group.

The lenders are evaluating the strategic debt restructuring ('SDR') option; this will involve debt / equity swap or new equity investment in respect of SWPGL and VSLPPL.

As at 31 March 2017, the Group has available US $ 479,852 of undrawn long term committed borrowing facilities.

The fair value of borrowings at 31 March 2017 was US $ 3,865,832 (2016: US $ 3,323,802). The fair values have been calculated by discounting cash flows at prevailing interest rates.

8. Other financial liabilities

	2017	2016
Current		
Option premium payable	7,248	5,469
Foreign exchange forward contracts	388	629
	7,636	**6,098**
Non-Current		
Option premium payable	12,040	17,065
Interest rate swaps	1,775	6,174
	13,815	**23,239**
Total	**21,451**	**29,337**

9. Segment information

The Group has adopted the "management approach" in identifying the operating segments as outlined in IFRS 8. Management has analysed the information that the chief operating decision maker reviews and concluded on the segment disclosure.

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- Power generating activities and
- Project development activities

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the Consolidated financial statements. Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. There is only one geographical segment as all the operations and business is carried out in India.

2017	Project development activities	Power generating activities	Reconciling / Elimination activities	Consolidated
Revenue				
External customers	281	590,977	-	591,258
Inter-segment	2,674	-	(2,674)	-
Total revenue	**2,955**	**590,977**	**(2,674)**	**591,258**
Segment operating results	1,469	178,500	-	179,969
Unallocated operating expenses, net		.		(1,418)
Finance costs				(360,244)

Finance income				7,694
Loss before tax				**(173,999)**
Tax income				15,103
Loss after tax				**(158,896)**
Segment assets	5,084	4,634,084	(4,616)	4,634,552
Unallocated assets				300,745
Total assets				**4,935,297**
Segment liabilities	655	513,180	(4,616)	509,219
Unallocated liabilities				4,151,822
Total liabilities				**4,661,041**
Other segment information				
Depreciation and amortisation	38	100,398	42	**100,478**
Capital expenditure	1	407,575	-	**407,576**

2016	**Project development activities**	**Power generating activities**	**Reconciling / Elimination activities**	**Consolidated**
Revenue				
External customers	33	674,514	-	674,547
Inter-segment	3,293	-	(3,293)	-
Total revenue	**3,326**	**674,514**	**(3,293)**	**674,547**
Segment operating results	738	161,362	880	162,980
Unallocated operating expenses, net				(2,514)
Finance costs				(296,470)
Finance income				26,336
Loss before tax				**(109,668)**
Tax income				14,064
Loss after tax				**(95,604)**
Segment assets	18,396	4,057,522	(14,031)	4,061,887
Unallocated assets				282,118
Total assets				**4,344,005**
Segment liabilities	2,786	394,420	(14,031)	383,175
Unallocated liabilities				3,545,090
Total liabilities				**3,928,265**
Other segment information				
Depreciation and amortisation	77	90,913	78	**91,068**
Capital expenditure	4	193,275	31	**193,310**

Notes to segment reporting:

(a) Inter-segment revenues are eliminated on consolidation.

(b) Profit / (loss) for each operating segment does not include finance income and finance costs of US $ 7,694 and US $ 360,244 respectively (2016: US $ 26,336 and US $ 296,470 respectively).

(c) Segment assets do not include deferred tax asset of US $ 167,951 (2016: US $ 141,327), financial assets and other investments US $ 103,144 (2016: US $ 99,923), short-term deposits with bank and cash US $ 7,163 (2016: US $ 8,551), and corporate assets US $ 22,487 (2016: US $ 32,317).

(d) Segment liabilities do not include deferred tax US $ 45,429 (2016: US $ 37,596), current tax payable US $ 1,658 (2016: US $ 1,243), interest-bearing current and non-current borrowings US $ 3,865,832 (2016: US $ 3,323,802), derivative liabilities US $ 21,451(2016: US $ 29,337) and corporate liabilities US $ 217,452 (2016: US $ 153,112).

(e) The Company operates in one business and geographic segment. Consequently no segment disclosures of the Company are presented.

(f) Three customers in the power generating segment contributing revenues of US $ 461,763 accounted for 77.75% (2016: Three customers in the power generating segment contributing revenues of US $ 473,844 accounted for 70.02%) of the total segment revenue.

10. Other operating income

Other operating income comprises:

	Consolidated	
	2017	**2016**
Income from management fees	94	226
Claims received / receivable[1]	94,805	893
Deferred revenue amortisation	117	115
Gain on disposal of property, plant and equipment, net	225	-
Other operating income	426	441
Total	**95,667**	**1,675**

[1] Claims received includes an amount of US $ 90,173 (2016: US $ Nil) relating to quality and price claim receivable from a Coal supplier (refer note 15 (b) (x)).

11. Finance costs

Finance costs comprise:

	Consolidated		**Company**	
	2017	**2016**	**2017**	**2016**
Interest expenses on loans and borrowings [1]	327,516	268,611	1,080	1,065
Other finance costs	21,376	16,577	1,737	1,576
Impairment of financial assets [2]	-	170	-	-
Net loss on financial instrument at fair value through profit or loss [3]	7,308	8,822	-	-
Foreign exchange loss, net	2,105	-	3,114	2,333
Net loss on held for trading financial assets				
on disposal	-	2	-	-
on re-measurement	-	6	-	-
Unwinding of discounts	1,939	2,282	-	-
Total	**360,244**	**296,470**	**5,931**	**4,974**

[1]Borrowing cost amounting to US $ 157,720 (2016: US $ 154,737) is capitalised during the year to property, plant and equipment at an effective interest rate of 14.80% (2016: 15.25%).

[2] Impairment of financial assets relates to available-for-sale financial asset of US $ Nil (2016: US $ 170).

[3]Net loss on financial instrument at fair value through profit or loss above relates to foreign exchange forward contracts, currency options and interest rate swap that did not qualify for hedge accounting.

12. Finance income

The finance income comprises:

	2017	2016
Interest income		
bank deposits	4,511	11,508
loans and receivables and trade receivable	1,584	2,044
Dividend income	203	510
Net gain on held for trading financial assets		
on disposal	30	-
on re-measurement	23	-
Unwinding of discount on security deposits	1,332 1,704	
Foreign exchange gain, net	-	10,563
Reclassification adjustment in respect of available-for-sale instrument disposed	11	7
Total	**7,694**	**26,336**

13. Tax income / (expense)

The major components of income tax for the year ended 31 March 2017 and 31 March 2016 are:

	2017	2016
Current tax	(932)	(1,392)
Deferred tax	16,035	15,456
Tax income reported in the income statement	**15,103**	**14,064**

14. Related party transactions

Name of the related party	Nature of relationship
K&S Consulting Group Private Limited	Group ultimate parent (GUP)
Sayi Power Energy Limited	Step-up holding
Sayi Energy Ventur Limited	Parent

Key management personnel and their relatives (KMP):

Name of the KMP	Nature of relationship
T L Sankar	Chairman
S Kishore	Executive Director
K A Sastry	Executive Director
S R Iyer	Director
S R Iyer	
Vladimir Dlouhy	Director
Abhay M Nalawade	Director
Keith N Henry	Director
K V Krishnamurthy	Director of parent

The table below set out transactions with related parties that occurred in the normal course of trading.

Particulars	Consolidated						Company					
	2017			2016			2017			2016		
	Joint operations	Parent / GUP	KMP	Joint operations	Parent / GUP	KMP	Subsidiaries	Parent / GUP	KMP	Subsidiaries	Parent / GUP	KMP
Transactions[1,2]												
Corporate support services fees	33	-	-	33	-	-	-	-	-	-	-	-
Interest income	523	-	-	515	-	-	-	-	-	-	-	-
Inter-corporate deposits and loans given	-	-	-	901	19	-	108	-	-	4,258	9	-
Inter-corporate deposits and loans refunded	-	-	-	447	164	-	489	-	-	17,633	35	-
Loans taken	458	12	-	272	430	-	1,926	12	-	17,152	27	-
Repayment of loan taken	114	10	-	-	10	-	86	10	-	993	10	-
Refund of share application money	-	-	-	-	16,498	-	-	-	-	-	16,498	-
Equity-settled share based payment	-	-	16	-	-	47	-	-	16	-	-	47
Managerial remuneration[3]	-	-	665	-	-	702	-	-	343	-	-	371
Balances[1,2]												
Interest receivable	4,780	-	-	4,153	-	-	-	-	-	-	-	-
Loans and inter corporate deposits receivable	1,533	802	-	1,501	784	-	147,002	-	-	155,978	-	-
Loans payable	377	583	-	269	412	-	82,620	176	-	80,785	13	-
Other receivable	-	-	-	9	-	-	-	-	-	-	-	-

Particulars	Consolidated						Company					
	2017			2016			2017			2016		
	Joint operations	Parent / GUP	KMP	Joint operations	Parent / GUP	KMP	Subsidiaries	Parent / GUP	KMP	Subsidiaries	Parent / GUP	KMP
Other payable	2,785	-	-	2,408	165	-	-	-	-	-	165	-
Guarantees given	-	-	-	135	-	-	416,031	-	-	465,202	-	-
Managerial remuneration payable[3]	-	-	98	-	-	108	-	-	74	-	-	87

[1] The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period end are unsecured, interest-bearing in case of loans and inter-corporate deposits and non-interest bearing in case of other loans and advances and settlement occurs in cash. For the year ended 31 March 2017, the Group has recorded US $ 28 as impairment of receivables relating to amounts owed by related parties (2016: US $ 14,096). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

[2] The difference in the movement between the opening outstanding balances, transactions during the year and closing outstanding balances is on account of exchange adjustments, impact of business combination, provision / write off and conversion into equity.

[3] Remuneration is net of share based payments and accrual towards Gratuity, a defined benefit plan, which is managed for the Group as a whole. However, the annual accrual of this liability towards key management personnel is not expected to be significant. There are no other long term benefits and termination benefits which are payable to the key management personnel.

15. Commitments and contingencies

a. *Capital commitments*

As at 31 March 2017, the Group is committed to purchase property, plant and equipment for US $ 1,247,291 (2016: US $ 1,467,098).

b. *Legal and other claim*

As a part of the environment and activities of the Group, the Group is exposed to a number of litigation and claim matters which may significantly impact receivables or payables. No significant developments have occurred in respect of these matters during the year except disclosed below.

i. SWPGL had filed a claim against Maharashtra State Electricity Distribution Company Limited (MSEDCL) towards recovery of the amount withheld against supply of energy under Power Purchase Agreement (including penalty on such amount) amounting to US $ 11,008 (2016: US $ 11,008). The facility required for generation of an agreed quantum of power was not ready as per an agreed schedule on account of unexpected factors beyond the control of the Group, the Group proposed to MSEDCL an arrangement to secure the energy from alternate supplies for the short quantity required to meet the obligation under the power purchase agreement. MSEDCL accepted the proposal and also confirmed that the energy supplied from alternate sources will also be subject to the tariff agreed under the power purchase agreement. However, after initial payments for the period April to June 2010, starting July 2010 to October 2010, MSEDCL did not settle the entire dues billed and the certain amounts were withheld without any explanation. The Group contended before Maharashtra Electricity Regulatory Commission (MERC) that since the energy supplied and billed was as per the terms agreed and the similar bills of earlier months were paid by MSEDCL, there is no cause to withhold the payments. However, MERC has dismissed the petition. The Group has filed an appeal before Appellate Tribunal for Electricity (APTEL) against the order of MERC and APTEL also rejected the appeal. The Group has filed an appeal before Honourable Supreme Court of India. During the year ended 31 March 2017 the group received an unfavorable ruling on a claim against a state body MSEDCL as it was concluded the claims if allowed were against public interest and accordingly group has impaired and written off the entire claim amount.

ii. VSLPPL has receivables of US $ 7,952 (2016: US $ 7,787) from its consumers representing taxes including royalty, cess on clean energy, taxes on input fuel as well as double adjustments for the security deposit, transmission and SLDC charges and take or pay obligation which are disputed by the consumers. In addition, the customers have also raised demand towards supply or pay obligation which are disputed by the Group. The Group has an amount of US $ 6,508 access from such customers as redeemable preference and equity capital available for necessary setoffs. Further, the Group contends that not only it has fulfilled the contractually guaranteed supplies but also the amounts claimed are as per the terms of the power purchase agreements. Aggrieved by the order of Arbitrator, civil and high court, the Group has preferred an appeal in Honourable Supreme Court. Pending outcome of the same, the Group based on the opinion of legal counsel believes that the final determination of the above dispute would be in favour of the Group and there would be no material impact on the financial statements.

iii. The captive customers of the SWPGL has deducted from the sales invoices and paid an amount of US$ 9,300 towards Cross Subsidy Surcharge ('CSS') levied by MSEDCL for the financial year 2012-13 before ascertaining the captive status of the plant at the end of financial year which was against the express provisions of the Electricity Act 2003 read with the Electricity Rules, 2005. MERC asked SWPGL to pay CSS on ground of non-fulfilment of criteria of 51% supply to captive users as per Rule 3 of the Electricity Rules 2005. Aggrieved by the said order of the MERC, SWPGL has filed an appeal before the APTEL on the ground that the non-fulfilment of captive criteria by the SWPGL was attributed to the delay caused by MSEDCL in granting open access to captive customers. APTEL also rejected the appeal, aggrieved by this the Group has filed petition with Honourable Supreme Court of India. Pending adjudication of the same, the Group believes that there is a good chance of succeeding and hence no adjustment has been made in the consolidated financial statements. Pending final adjudication of the matter the Group has accrued necessary provision on a prudent basis.

iv. KSK Mahanadi, the Group's largest thermal power generation plant with two units fully operational and balance units in various stages of construction and commissioning is engaged in the generation and supply of power to four state utilities of Andhra Pradesh, Telangana, Tamil Nadu and Uttar Pradesh under Case 1 competitive bid Power Purchase Agreement (PPA). The respective PPAs in addition to the agreed tariff payable for the power supplied contains specific provisions providing for tariff adjustment payment to the generator on account of Change in law. The Change in law provision essentially provides reimbursement mechanism for all additional recurring or non-recurring expenditure incurred by the Generator towards new costs levied / incurred post the bidding point. These claims under the PPA cover both (a) Claim on account of various statutory duties, levies and cess levied by Central or State Governments or its instrumentalities; and (b) linkage coal shortfall compensation with respective to Presidential Directive and Ministry of Power Notification to all Electricity Regulators in India. KSK Mahanadi has made claims pursuant to the above PPA provisions in excess of US $ 290,750, wherein claim pertaining to taxes amounts to US $ 81,287 and claim on account of short supply of coal pursuant to the Presidential Directive amounts to US $ 209,463. However, notwithstanding its eligibility for the full claim as per the PPA, keeping in view the regulatory commitments by the Government instrumentalities, the necessary legal and administrative process that KSK Mahanadi has to pursue, on its internal evaluation of the facts and circumstances of the case on a prudent basis, KSK Mahanadi has recognised a portion of the claim aggregating to US $ 220,934 in the books of accounts until date, wherein US $ 77,472 pertains to the current year. KSK Mahanadi has in its notices to the utilities submitted that it qualifies for the composite scheme guidelines and hence Central Electrical Regulatory Commission (CERC) will be the relevant appropriate authority to adjudicate the matter. While in the earlier year, the claims were to be determined by the State Regulators, pursuant to a recent ruling by the Appellate Tribunal of Electricity (APTEL) with respect to multiple power producers, the jurisdiction of CERC has been reaffirmed. Based on the bid guidelines, the PPA provisions and the legal advice that KSK Mahanadi has obtained, Group has made necessary amendments in its claim petitions and filed before CERC. Based on the legal advice and recent ruling of Honourable Supreme Court of India in similarly placed power project, KSK Mahanadi is confident that the entire claim amount is receivable.

v. KSK Mahanadi has levied capacity charges and transmission charges to AP Discoms for the period from 16 June 2013 to 13 August 2013 amounting to US $ 13,463 (2016: US $ 13,183), on account of delayed fulfilment of obligation under the PPA. AP Discoms have rejected those claims and made the counter claim of US $ 3,637 (2016: US $ 3,562) for failure to furnish advance final written notice of commencement of supply of power as per the provision of PPA. The Group has preferred an appeal before APERC & TSERC for refund of amount collected by Discoms by encashment of bank guarantee. The Group's contention is that since the Discoms have failed to fulfil the obligation as per PPA, there is default on part of Discoms and the counter claim by Discoms is merely to negate the effect of KSK Mahanadi claim of capacity charges. Pending adjudication of the case, the Group believes that there is a good chance of succeeding before the regulatory commissions and hence no adjustment has been made in the consolidated financial statements.

vi. The Company had made investment of US $ 16,184 (2016: US $ 15,848) in Athena Projects Private Limited ('APPL') for acquisition of 25% stake. APPL in turn holds substantial investment in Teesta III hydro project. On 16.07.2009, the parties entered into a MOU providing for transfer of interest in 68,400,000 shares of Teesta III in favour of KSK Energy Company Private Limited ('KECPL'). The arrangement envisaged APPL to complete certain corporate actions. Thereafter, as a final arrangement a share sale and purchase agreement dated 5 April 2010 was executed between KECPL and APPL promoters that provided for acquisition of entire shares of US $ 16,184 (2016: US $ 15,848) in one year's time. Upon same being not honoured KECPL filed the petition with National Company Law Tribunal ('NCLT'), Principal Bench, New Delhi which is currently pending. The aforesaid is the significant matter of minority protection and management believe that they have the good grounds for the favourable disposal of the case. Hence the Group continue to carry the investment in APPL at cost.

vii. The Group had entered into coal supply agreement with Goa Industrial Development Corporation (GIDC) for sourcing coal from the identified coal block i.e., Garepelma-III coal block. However, pursuant to the Honourable Supreme Court Orders during August and September 2014, Garepelma-III was de-allocated from GIDC. GIDC has kept the group notified that is still pursuing with the Government for allocation of this mine under the new coal statute and also has filed a legal case before Honourable High Court of Delhi wherein interim relief is granted in favor of GIDC. At the same time the initial development of the Garepelma-III block was entrusted to Group by GIDC, wherein the Group has incurred all the cost relating to the development of mine. Government of India has promulgated the Coal Mines (Special Provisions) Ordinance, which provides for reimbursement of cost incurred towards land and mine infrastructure by new allottee. Accordingly GIDC has made the claim for US $ 40,844 for settlement before Nominated Authority appointed under the Ordinance by Ministry of Coal. During the year end, Government of India, Ministry of Coal has directed to pay towards cost of compensation for geological report to all the prior allottee and accordingly the Group has received US $ 4,624. Pending final adjudication of the case by Honourable High Court of Delhi or pending final settlement of the claim by the Nominated Authority, the management believes that the entire amount incurred by the Group is recoverable and accordingly the balance claim of US $ 36,220 has been reclassified under other receivable.

viii. Other non-current assets include an amount of US $ 8,934 (2016: US $ 8,749) relating to Central Excise receivable from the excise departments by SWPGL. SWPGL is registered as SEZ unit. A unit in SEZ is allowed to import goods (purchase from local market is also treated as import) without payment of Duty for the purpose of its authorised operations. The exemption from the payment of duties is provided under Section 26 of the SEZ Act, 2005. The excise duty refund claims were rejected by the department stating that there are no provisions of refund under the SEZ Act. The Company has filed an appeal with the CESTAT where in the CESTAT and the Large bench has mentioned that in respect of rebate on goods supplied from DTA to SEZ within India, the appeal would not lie to Appellate Tribunal under clause (b) of provision of Section 35(1) of Central Excise Act, however the Group has liberty to file revision application before Revisionary Authority, Government of India. Accordingly, the Company has filed a revisionary petition with Ministry of Finance, Department of Revenue. The Group is confident to receive the refund.

ix. The Group has received claims for US $ 9,580 (2016: US $ 9,807) from Joint Director General of Foreign Trade (DGFT) 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 communications from the DGFT 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. Since, no such amendment can be made with retrospective effect, the Group believes that outcome of the above dispute would be in favour of the Group and there would be no material impact on the financial statements and as such no provision for claim has been made.

x. SWPGL has lodged a claim relating to quality and price on Western Coalfields Limited (WCL), the coal supplier for abuse of dominant position by WCL and Coal India Limited (CIL). Honourable Competition Commission of India ('Commission') has passed an order on 27 October 2014 in favour of the Group as far as price claim is concerned whereas for the quality claim, the Commission has referred to its earlier order dated 13 January 2014, of similar case which is presently pending at Competition Appellate Tribunal (COMPAT). WCL has preferred an appeal against the order of the Commission before the COMPAT wherein during the year ended 31 March 2017, COMPAT has upheld the order given by Commission against which WCL has preferred an appeal before the Honourable Supreme Court of India. The Group has filed a total claim of US $ 239,950 with COMPAT under provision 53N of The Competition Act, 2002. Further SWPGL has received a demand of US $ 11,737 from WCL towards short lifting of minimum quantity of coal which is also contested by the SWPGL on various grounds including of inferior quality & high price and as such has not been provided for. Consequent to reiterating and upholding, in entirety, the earlier favourable order of Hon'ble Competition Commission of India by COMPAT the Group has recognised a claim of US $ 90,173 during the year ended 31 March 2017. The Group believes that the final outcome of the above matters would be in favour of the group and company is confident that the entire amount is fully recoverable.

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

16. 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
	2017	**2017**	**2016**	**2016**
Non-current financial assets				
Trade and other receivables	2,717	2,717	2,593	2,593
Equity securities - available-for-sale	17,970	17,970	17,938	17,938
Loans and receivables	35,915	35,915	32,024	32,024
Derivative assets	40,297	40,297	45,872	45,872
Non-current bank deposits	9,079	9,079	4,994	4,994
Total non-current	**105,978**	**105,978**	**103,421**	**103,421**
Current financial assets				
Trade and other receivables	457,018	457,018	367,139	367,139
Equity securities - held for trading	141	141	115	115
Debt securities-held for trading	5,269	5,269	5,062	5,062
Loans and receivables	152,846	152,846	44,446	44,446
Cash and short-term deposits	105,079	105,079	122,800	122,800
Total current	**720,353**	**720,353**	**539,562**	**539,562**
Total	**826,331**	**826,331**	**642,983**	**642,983**
Non-current financial liabilities				
Trade and other payables	64,961	64,961	30,496	30,496
Loans and borrowings	3,267,005	3,267,005	2,700,202	2,700,202
Interest rate swaps	1,775	1,775	6,174	6,174
Option premium payable	12,040	12,040	17,065	17,065
Total non-current	**3,345,781**	**3,345,781**	**2,753,937**	**2,753,937**
Current financial liabilities				
Trade and other payables	648,733	648,733	493,099	493,099
Loans and borrowings	598,827	598,827	623,600	623,600
Foreign exchange forward contract	388	388	629	629
Option premium payable	7,248	7,248	5,469	5,469
Total current	**1,255,196**	**1,255,196**	**1,122,797**	**1,122,797**
Total	**4,600,977**	**4,600,977**	**3,876,734**	**3,876,734**

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

	Carrying amount	Fair value	Carrying amount	Fair value
	2017	**2017**	**2016**	**2016**
Non-current financial assets				
Loans and receivables to subsidiaries	147,002	147,002	155,978	155,978
Total non-current	**147,002**	**147,002**	**155,978**	**155,978**
Current financial assets				
Loans and receivables	87	87	-	-
Cash and short-term deposits	969	969	1,194	1,194
Total current	**1,056**	**1,056**	**1,194**	**1,194**
Total	**148,058**	**148,058**	**157,172**	**157,172**
Current financial liabilities				
Trade and other payables	1,203	1,203	1,503	1,503
Loans and borrowings	118,921	118,921	115,798	115,798
Total current	**120,124**	**120,124**	**117,301**	**117,301**

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).

2017	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity securities - available-for-sale	496	-	17,474	17,970
Equity securities - held for trading	141	-	-	141
Debt securities-held for trading	5,269	-	-	5,269
Derivative assets	-	40,297	-	40,297
Total	**5,906**	**40,297**	**17,474**	**63,677**
Financial liabilities measured at fair value				
Interest rate swaps	-	1,775	-	1,775
Option premium payable	-	19,288	-	19,288
Foreign exchange forward contract	-	388	-	388
Total	**-**	**21,451**	**-**	**21,451**

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:

2017	Available-for-sale Unquoted equities	Total
Opening balance	17,429	17,429
Total gains or losses:		
- in income statement	-	-
- in other comprehensive income		
change in fair value of available for sale financial asset	(314)	(314)
foreign currency translation difference	359	359
Settlements	-	-
Transfers into level 3	-	-
Closing balance	**17,474**	**17,474**

Total gains or losses for the year shown above, relates to available for sale securities held at the end of the reporting year

2016	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity securities - available-for-sale	509	-	17,429	17,938
Equity securities - held for trading	115	-	-	115
Debt securities-held for trading	5,062	-	-	5,062
Derivative assets	-	45,872	-	45,872
Total	**5,686**	**45,872**	**17,429**	**68,987**
Financial liabilities measured at fair value				
Interest rate swaps	-	6,174	-	6,174
Option premium payable	-	22,534	-	22,534
Foreign exchange forward contract	-	629	-	629
Total	**-**	**29,337**	**-**	**29,337**

During the year ended 31 March 2016, there were no transfers between Level 1 and Level 2 fair value measurements.
Reconciliation of Level 3 fair value measurements of financial assets:

31 March 2016	Available-for-sale Unquoted equities	Total
Opening balance	18,644	18,644
Total gains or losses:		
- in income statement	2	2
- in other comprehensive income		
change in fair value of available for sale financial asset	(159)	(159)
foreign currency translation difference	(1,004)	(1,004)
Settlements	(54)	(54)
Transfers into level 3	-	-
Closing balance	**17,429**	**17,429**

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