

Board expect EBITDA to be in line with market expectations and further improvements to EBITDA are anticipated upon coal linkage stabilisation.

With capitalisation of the entire common infrastructure setup at KSK Mahanadi and associated debt being charged to operations, higher interest charges were incurred during FY 2016. Together with finance costs at other projects, higher finance costs are therefore expected for the period ending 31 March 2016. However, going forwards, the Board have initiated debt refinancing discussions for a number of assets, such as at VS Lignite and Sai Wardha, with the potential for interest savings coupled with a longer repayment profile.

Total project cost for the 3,600 MW KSK Mahanadi power station, along with the integration of the rail and water support infrastructure projects, is estimated at US\$ 4.181 billion (at exchange rate of INR 68 / US\$). Of this, US\$ 2.561 billion has already been incurred with a contribution of US\$ 522 million of Sponsor Equity and US\$ 2.039 billion of project debt. As regards the balance of US\$1.62 billion yet to be incurred:

- Next 1200 MW - an amount of US\$ 962 million is expected to be incurred
- Last 1200 MW - an amount of US\$ 658 million is to be incurred

The consortium of project lenders have now committed to fund the entire expenditure required for the next 1200 MW and construction progress is being fully accelerated currently in coordination with the EPC Contractor. As regards funding the additional project equity including the last 1200 MW, the Group is also engaged in discussion with multiple strategic investors for appropriate equity participation at the KSK Mahanadi subsidiary level and the Group is committed to raise the necessary incremental equity required at the earliest opportunity. While this would result in the Group diluting its effective equity interest in KSK Mahanadi this would enable a completely funded and secure 3.6 GW power project.

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