Kameng Dam Hydro Power Limited
Balance Sheet as at 31 March 2018
(All amounts are in ₹ Thousands, unless otherwise stated)

	Note	31-Mar-18	31-Mar-17
I ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	5	-	609.33
(b) Capital work-in-progress	5	-	1,064,634.55
(c) Financial Assets			
(i) Loans	6	-	30,600.00
(d) Other non-current assets	7	-	2,514.02
		-	**1,098,357.90**
2 Current assets			
(a) Financial Assets			
(i) Cash and cash equivalents	8	254.88	1,414.06
(ii) Bank balances other than (i) above	9	21.20	19.78
(iii) Loans	6	-	334,542.68
(iv) Other financial assets	10	0.30	0.31
(b) Other current assets	7	207.46	207.46
		483.84	**336,184.28**
Total Assets		**483.84**	**1,434,542.18**
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11	500.00	500.00
(b) Other Equity	11	(570,517.66)	936,086.01
		(570,017.66)	**936,586.01**
1 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	559,872.59	486,845.73
		559,872.59	**486,845.73**
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	9,300.00	9,300.00
(ii) Trade payables	13	138.80	134.68
(iii) Other financial liabilities	14	1,177.72	1,670.85
(b) Other current liabilities	15	12.38	4.91
		10,628.90	**11,110.43**
Total Equity and Liabilities		**483.83**	**1,434,542.18**

See accompanying notes to the financial statements

for T R Chadha & Co LLP,
Firm Registration No. 006711N
Chartered Accountants

for and on behalf of the Board

Pravin Jabade
Partner
Membership No. 107196

M Balakrishnan
Director
DIN: 07129848

Sujit Kumar Datta
Director
DIN: 07129858

Place : Hyderabad
Date : 17 Aug 2018

Kameng Dam Hydro Power Limited
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts are in ₹ Thousands, unless otherwise stated)

		Note	Year ended 31 Mar 2018	Year ended 31 Mar 2017
I	Other Income	16	1.42	1.45
	Total revenue		**1.42**	**1.45**
II	**Expenses**			
	Other expenses	17	118.00	115.13
	Depreciation & amortization expense	5	136.57	1,828.10
	Total expenses		**254.57**	**1,943.22**
III	**Profit / (Loss) before tax (I - II)**		(253.15)	(1,941.77)
IV	Exceptional items	26	1,506,350.52	-
V	**Profit / (Loss) before tax (III - IV)**		(1,506,603.67)	(1,941.77)
VI	Total Comprehensive Income for the period		(1,506,603.67)	(1,941.77)
VII	**Earnings / (loss) per share**	20		
	Basic and diluted- face value of ₹ 10 per share		(30.13)	(0.04)

See accompanying notes to the financial statements

for T R Chadha & Co LLP,
Firm Registration No. 006711N
Chartered Accountants

Pravin Jabade
Partner
Membership No. 107196

for and on behalf of the Board

M Balakrishnan
Director
DIN: 07129848

Sujit Kumar Datta
Director
DIN: 07129858

Place : Hyderabad
Date : 17 Aug 2018

Kameng Dam Hydro Power Limited
Cash Flow Statement for the year ended 31 March 2018
(All amounts are in ₹ Thousands, unless otherwise stated)

		31-Mar-18	31-Mar-17
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(1,506,603.67)	(1,941.77)
Adjustments for:			
Depreciation and amortisation expenses		136.57	1,828.10
Impairment of property, plant & equipment and others		1,506,350.52	-
Interest income		(1.42)	(1.45)
Operating profit / (loss) before working capital changes		(118.00)	(115.13)
Adjustments for working capital			
Trade payables		4.13	80.63
Other liabilities and provisions		7.48	(2.51)
Net cash used in operating activities		**(106.40)**	**(37.01)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets including capital work-in-progress		(3.46)	(8.89)
(Investment)/redemption of bank deposit		(1.42)	(1.46)
Interest income		1.42	1.46
Net cash used in investing activity		**(3.46)**	**(8.89)**
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of finance cost		(1,049.32)	(9.35)
Net cash from/(used in) financing activities		**(1,049.32)**	**(9.35)**
Net increase/(decrease) in cash and cash equivalents		**(1,159.19)**	**(55.25)**
Cash and cash equivalent - opening balance	8	1,414.06	1,469.32
Cash and cash equivalent - closing balance	8	**254.88**	**1,414.06**

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

Particulars	31-Mar-17	Non Cash changes: Net Cash flows	Non Cash changes: Non cash adjustment	31-Mar-18
Borrowings	486,845.73	-	73,026.86	559,872.59

As per our audit report of even date attached

for T R Chadha & Co LLP,
Firm Registration No. 006711N
Chartered Accountants

for and on behalf of the Board

Pravin Jabade
Partner
Membership No. 107196

M Balakrishnan
Director
DIN: 07129848

Sujit Kumar Datta
Director
DIN: 07129858

Place : Hyderabad
Date : 17 Aug 2018

Kameng Dam Hydro Power Limited
Statement of Changes in Equity for the year ended 31 March 2018
(All amounts are in ₹ Thousands, unless otherwise stated)

11. A. Equity Share Capital

Particulars	No of Shares	Amount
Balance as at 1 April 2016	50,000	500.00
Changes in equity share capital during the year	-	
Balance as ast 31 March 2017	**50,000**	**500.00**
Balance as at 1 April 2017	**50,000**	**500.00**
Changes in equity share capital during the year	-	
Balance as ast 31 March 2018	**50,000**	**500.00**

11. B. Other Equity

Particulars	Equity component of compound financial instruments	Reserves and Surplus	Total
		Retained earnings	
Balance as at 1April 2016	941,474.68	(3,446.90)	938,027.78
(Loss)/profit for the year	-	(1,941.77)	(1,941.77)
Total comprehensive (loss)/profit for the year	**-**	**(1,941.77)**	**(1,941.77)**
Balance as ast 31 March 2017	**941,474.68**	**(5,388.67)**	**936,086.01**
Balance as at 1 April 2017	941,474.68	(5,388.67)	936,086.01
(Loss)/profit for the year	-	(1,506,603.67)	(1,506,603.67)
Total comprehensive (loss)/profit for the year	**-**	**(1,506,603.67)**	**(1,506,603.67)**
Balance as ast 31 March 2018	**941,474.68**	**(1,511,992.34)**	**(570,517.66)**

See accompanying notes to the financial statements

for T R Chadha & Co LLP,
Firm Registration No. 006711N
Chartered Accountants

for and on behalf of the Board

Pravin Jabade
Partner
Membership No. 107196

M Balakrishnan
Director
DIN: 07129848

Sujit Kumar Datta
Director
DIN: 07129858

Place : Hyderabad
Date : 17 Aug 2018

1 **Corporate Information**

Kameng Dam Hydro Power Limited ("KDHPL" or the "Company"), is a Limited Company domiciled in India and incorporated under the provisions of Companies Act applicable in India. The Registered Office of the Company is located at Jubilee Hills, Hyderabad - 500 033, Telangana. The Company is incorporated for setting up a 420 MW Hydel based Power Plant in Tehsil Nafra, West Kameng District in the State of Arunachal Pradesh.

2 **Basis of preparation**

A **Statement of Compliance**

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

The financial statements were authorised for issue by the Board of Directors on 17 Aug 2018

B **Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. Amounts in the financial statements are presented in Indian Rupees in thousands rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013.

C **Basis of measurement**

These financial statements have been prepared on historical cost basis except for the following items:

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

3 **Significant Accounting Policies**

3.1 **Changes in accounting policy and disclosure**

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

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

IND AS 102 – Shares Based Payments: The amendments made to Ind AS 102 cover three accounting areas:

- Measurement of cash-settled share-based payments
- Classification of share-based payments settled net of tax withholdings and
- Accounting for a modification of a share-based payment from cash-settled to equity-settled.

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

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

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

3.2 **Standards and interpretations not yet applied**

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

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

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

3.3 **Property, plant and equipment**

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

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

Nature of asset	Useful life (years)
Furntiture & fixtures	1-10
Office equipment	1-6

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

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

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

3.4 **Intangible assets**

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

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

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

Nature of asset	Useful life (years)
Software	3

3.5 **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company, and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in accordance with the relevant agreements, net of discounts, rebates and other applicable taxes and duties.

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

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

3.6 **Taxes**

Current income tax : Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred income tax : Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:
Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credit and any

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities, relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.7 **Financial assets**

Initial recognition & Measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVTOCI

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

- The asset's contractual cash flows represent SPPI.

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

Debt instrument at FVTPL

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

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

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

Equity investments

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

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

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

Derecognition

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

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

Impairment of financial asset

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

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

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

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

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

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

3.8 **Financial liabilities**

Initial recognition

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

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

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

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:
Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.
Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at the initial date of recognition, and only if criteria of IND AS 109 are satisfied.

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

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

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

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

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

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

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

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

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

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

3.10 **Leases**

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

Company as a lessee

Operating lease payments are recognised as an expense in the statement of profit and loss / capitalised to property, plant & equipment on accrual basis.

3.11 **Borrowing costs**

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

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

3.12 **Impairment of non-financial assets**

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

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

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

3.13 **Cash and short-term deposits**

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

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

3.14 **Earnings per share**

The earnings considered in ascertaining the Company's earnings per share (EPS) comprise the net profit or loss for the period attributable to equity holders. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to equity holders (after adjusting for effects of all dilutive potential equity shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential shares into equity shares.

3.15 **Provisions**

General

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

3.16 **Employee benefits**

Gratuity

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

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

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

Provident fund

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

Employee State Insurance Scheme

Eligible employees of the Company are covered under "Employees State Insurance Scheme Act 1948", which are also defined contribution schemes recognized and administered by Government of India.

The Company's contributions to these schemes are recognized as expense in statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligation under these plans beyond its monthly contributions.

Short- term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid towards bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4 **Significant accounting judgements, estimates and assumptions**

The preparation of financial statements in conformity with IND AS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The principal accounting policies adopted by the Company in the financial statements are as set out above. The application of a number of these policies required the Company to use a variety of estimation techniques and apply judgment to best reflect the substance of underlying transactions.

The Company has determined that a number of its accounting policies can be considered significant, in terms of the management judgment that has been required to determine the various assumptions underpinning their application in the financial statements presented which, under different conditions, could lead to material differences in these statements.

The policies where significant estimates and judgments have been made are as follows:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of fair value of acquired financial assets and financial liabilities: When the fair value of financial assets and financial liabilities recorded in the Balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Taxes: Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of assessment by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax assessment and differing interpretations of tax laws by the taxable entity and the responsible tax authority. The Company assesses the probability for litigation and subsequent cash outflow with respect to taxes.

Gratuity benefits: The cost of defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Actual results can differ from estimates.

Judgement

In the process of applying the Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Useful lives of depreciable assets : Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. The carrying amounts are analysed in note No.5 Actual results, however, may vary due to technical obsolescence, particularly relating to software and information technology equipment.

Kameng Dam Hydro Power Limited
Notes to Financial Statements
(All amounts are in ₹ Thousands, unless otherwise stated)

5 Property, plant and equipment

	Furntiure & fixtures	Office equipment	Total	Capital work in progress
As at 1 April 2016	902.68	4,849.27	5,751.95	1,000,545.62
Additions	-	-	-	64,088.94
Disposals/transfers	-	-	-	-
As at 31 March 2017	**902.68**	**4,849.27**	**5,751.95**	**1,064,634.55**
As at 1 April 2017	**902.68**	**4,849.27**	**5,751.95**	**1,064,634.55**
Additions	-	-	-	73,586.52
Disposals/transfers	-	-	-	-
As at 31 March 2018	**902.68**	**4,849.27**	**5,751.95**	**1,138,221.07**
Depreciation				
As at 1 April 2016	140.35	3,174.17	3,314.52	-
Additions	153.00	1,675.10	1,828.10	-
Disposals/transfers	-	-	-	-
As at 31 March 2017	**293.35**	**4,849.27**	**5,142.62**	**-**
As at 1 April 2017	**293.35**	**4,849.27**	**5,142.62**	**-**
Additions	136.57	-	136.57	-
Disposals/transfers	-	-	-	-
Less: Impairment of property plant and equipment	472.76	-	-	1,138,221.07
As at 31 March 2018	**902.68**	**4,849.27**	**5,279.19**	**1,138,221.07**
Net book value				
As at 31 March 2017	609.33	-	609.33	1,064,634.55
As at 31 March 2018	-	-	-	-

6 Loans

	31-Mar-18	31-Mar-17
Long-term loans		
Unsecured, considered good		
Security Deposits	30,600.00	30,600.00
Less: Impairment of security deposits	(30,600.00)	-
	-	**30,600.00**
Short-term loans		
Unsecured, considered good		
Other receivables	334,542.68	334,542.68
Less: Impairment of Other receivables	(334,542.68)	
	-	**334,542.68**
	-	**365,142.68**

Kameng Dam Hydro Power Limited
Notes to Financial Statements
(All amounts are in ₹ Thousands, unless otherwise stated)

7 **Other assets**

	31-Mar-18	31-Mar-17
Other non-current assets		
Capital advances	2,514.02	2,514.02
Less: Impairment of Capital advances	(2,514.02)	-
	-	**2,514.02**
Other current assets		
Advance for supplier/expenses	-	-
Prepaid expenses	207.46	207.46
	207.46	**207.46**
	207.46	**2,721.47**

8 **Cash and cash equivalents**

	31-Mar-18	31-Mar-17
Balances with banks		
On current account	227.93	1,384.87
Cheques on hand	15.56	15.56
Cash on hand	11.39	13.63
	254.88	**1,414.06**

9 **Other bank balances**

	31-Mar-18	31-Mar-17
Deposits with banks	21.20	19.78
	21.20	**19.78**

The Company has pledged its deposit with banks amounting to ₹ 21.20 (31 March 2017: ₹ 19.78) in order to fulfill collateral requirements.

10 **Other financial assets**

	31-Mar-18	31-Mar-17
Current		
Interest accrued on deposits	0.30	0.31
	0.30	**0.31**

11 **Share Capital**

	31-Mar-18	31-Mar-17
Authorized:		
50,000 (31 Mar 2017-50,000) equity shares of ₹10 each	500.00	500.00
	500.00	**500.00**
Issued, Subscribed and Paid up:		
50,000 (31 Mar 2017-50,000) equity shares of ₹10 each	500.00	500.00
	500.00	**500.00**

Notes :

The above 50,000 (31 Mar 2017 - 50,000) equity shares of ₹ 10 each, fully paid up are held by the holding company, KSK Energy Ventures Limited and its nominee shareholders.

12 **Borrowings**

	31-Mar-18	31-Mar-17
Long-term borrowings		
Unsecured		
Bonds/Debentures		
Debentures (*Refer note below)*	559,872.59	486,845.73
	559,872.59	**486,845.73**
Short-term borrowings		
Unsecured		
Loan against deposits	5,000.00	5,000.00
Loans and advances from related parties	4,300.00	4,300.00
	9,300.00	**9,300.00**

Note :

The company has issued 93,539,000 optionally convertible redeemable debentures of ₹10 each to KSK Electricity Financing India Private Limited carrying a coupon rate of 0.01% per annum. These debentures are redeemable at the end of 10th year from the date of allotment.

The company has issued 37,421,000 optionally convertible debentures of ₹10 each to Sai Regency Power Corporation Private Limited carrying a coupon rate of zero pecent per annum. These debentures are convertible into equity shares in the ratio of 1:1 within 120 months from the date of allotment or redeemable within 120 months from the date of allotment at the option of debenture holder.

13 **Trade payables**

	31-Mar-18	31-Mar-17
Dues to other than micro and small enterprises	138.80	134.68
	138.80	**134.68**

As at 31 March 2018 (31 Mar 2017 - ₹ Nil there are no amounts including interest payable to Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company.

Trade payable mainly includes amount payable to vendors in whose case credit period allowed is less than 12 months. Since the average credit period is less than 12 months, the trade payable amount has been classified as current.

14 **Other financial liabilities**

	31-Mar-18	31-Mar-17
Interest accrued	712.70	1,205.83
Creditors for capital goods (*including retention money*)	465.02	465.02
	1,177.72	**1,670.85**

15 **Other current liabilities:**

	31-Mar-18	31-Mar-17
Statutory liabilities	12.38	4.91
	12.38	**4.91**

16 **Other income**

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Interest received (refer note below)	1.42	1.45
	1.42	**1.45**

Note:

Interest received amounting to ₹ 1.42 (31 March 2017: ₹ 1.45) consists of interest received from fixed deposits with banks.

17 **Other expenses**

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Remuneration to auditors		
for audit	118.00	115.13
	118.00	**115.13**

18 **Tax Reconciliation**

Reconciliation between tax expense and the product of accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2018 and 31 March 2017 is as follows:

	31 March 2018	31 March 2017
Accounting Profit Before tax	(1,506,603.67)	(1,941.77)
Enacted tax rates	34.608%	34.608%
Tax on Profit at enacted rates	(521,405.40)	(672.01)
Expenditure not deductible for tax purpose		
Income exempted or taxed at lower rates	521,405.40	672.01
Actual tax expense	**-**	**-**

19 **Capital commitments :**

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances as at 31 Mar 2018 : ₹ 43,282.016 (31 Mar 2017 : ₹ 43,282.016)

20 **Earnings per share**

Particulars	**Year ended 31 Mar 2018**	**Year ended 31 Mar 2017**
Nominal value of equity shares (₹ per share)	10	10
Weighted average number of equity shares outstanding during the year (used for calculation of basic earnings per share)	50,000	50,000
Weighted average number of equity shares outstanding during the year (used for calculation of diluted earnings per share)	131,010,000	131,010,000
Profit/(loss) after taxes (in ₹)	(1,506,603.67)	(1,941.77)
Earnings per share		
- Basic & diluted	(30.13)	(0.04)

Kameng Dam Hydro Power Limited
Notes to the financial statements
(All amounts are in ₹ Thousands, unless otherwise stated)

21 **Related party disclosures**

a) **Parties where control exists:**

S.No.	Name of the related party	Relationship
1	KSK Energy Ventures Limited	Holding company

b) **Parties where signifcant infuence exists and where the transactions have taken place during the year:**

S.No.	Name of the related party	Relationship
1	KSK Electricity Financing India Private Limited	Fellow subsidiary
2	Sai Regency Power Corporation Private Limited	Fellow subsidiary
3	KSK Dinchang Power Company Privatee Limited	Fellow subsidiary
4	KSK Jameri Hydro Power Private Limited	Fellow subsidiary

c) **Key management personnel**

S.No.	Name of the related party	Relationship
1	Mr Shishir Shrikant Kalkonde	Director
2	Mr M Balakrishnan	Director
3	Mr Sujit Kumar Datta	Director

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

	Particulars	Year ended 31 Mar 2018 Fellow Subsidiary	Year ended 31 Mar 2017 Fellow Subsidiary
(i)	Loans taken / (repaid)	-	-
(ii)	Interest charges	73,120.39	63,595.16

Balances

S.No	Nature of transaction	Fellow Subsidiary
	31 March 2018	
1	Amount receivable from	334,542.68
2	Amount payable to	564,446.30
	31 March 2017	
1	Amount receivable from	334,542.68
2	Amount payable to	491,335.26

22 **Financial risk managament objectives and policies**

The Company’s risk management activities are subject to the management direction and control under the framework of Risk Management Policy as approved by the Board of Directors of the Company. The Management ensures appropriate risk governance framework for the Company through appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company’s policies and risk objectives.

In the ordinary course of business, the Company is exposed to market risk, credit risk and liquidity risk.

Credit risk analysis

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its financing activities, including short-term deposits with banks and financial institutions, and other financial assets.

The carrying value of financial assets represents the maximum exposure for credit risk. The maximum exposure to credit risk of each class of financial assets at the reporting date was as follows:

	Note	Carrying value	
		31-Mar-18	**31-Mar-17**
Short term deposits with banks	9	21.20	19.78
Loans	6	-	365,142.68
Other financial asset	10	0.30	0.31
		21.50	**365,162.76**

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Company’s management believes that all the above financial assets are not impaired for each of the reporting dates under review and are of good credit quality.

Liquidity risk analysis

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

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

The following is an analysis of the Company contractual undiscounted cash flows payable under financial liabilities at 31 March 2018:

	Current	Non-current		Total
	within 12 months	1-5 years	Later than 5 years	
Loan and borrowings	9,300	-	1,309,600	1,318,900
Trade and other payables	151	-	-	151
Other financial liabilities	1,178	-	-	1,178
Total	**10,629**	**-**	**1,309,600**	**1,320,229**

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

	Current	Non-current		Total
	within 12 months	1-5 years	Later than 5 years	
Loan and borrowings	9,300	-	1,309,600	1,318,900
Trade and other payables	140	-	-	140
Other financial liabilities	1,671	-	-	1,671
Total	**11,110**	**-**	**1,309,600**	**1,320,710**

Capital management

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

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

No changes were made in the objectives, policies or processes during the year ended 31 March 2017.

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

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

	31-Mar-18	31-Mar-17
Total borrowing	559,872.59	486,845.73
Less : Cash and bank balances	(254.88)	(1,414.06)
Less : Other bank balances	(21.20)	(19.78)
Net debt	**559,596.51**	**485,411.89**
Equity	(570,017.66)	936,586.01
Total equity	**(570,017.66)**	**936,586.01**
Net debt to equity ratio	**(0.98)**	**0.52**

Kameng Dam Hydro Power Limited
Notes to Financial Statements
(All amounts are in ₹ Thousands, unless otherwise stated)

23 **Financial Instruments**

Carrying amounts versus fair values

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

	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	31-Mar-18	**31-Mar-18**	**31-Mar-17**	**31-Mar-17**
Non- current financial assets				
Loans	-	-	30,600.00	30,600.00
Total non-current	**-**	**-**	**30,600.00**	**30,600.00**
Current financial assets				
Cash and bank balances	254.88	254.88	1,414.06	1,414.06
Other bank balances	21.20	21.20	19.78	19.78
Loans	-	-	334,542.68	334,542.68
Other financial asset	0.30	0.30	0.31	0.31
Total current	**276.38**	**276.38**	**335,976.82**	**335,976.82**
Total	**276.38**	**276.38**	**366,576.82**	**366,576.82**
Non- current financial liabilities				
Borrowings	559,872.59	559,872.59	486,845.73	486,845.73
Total non-current	**559,872.59**	**559,872.59**	**486,845.73**	**486,845.73**
Current financial liabilities				
Borrowings	9,300.00	9,300.00	9,300.00	9,300.00
Trade payables	138.80	138.80	134.68	134.68
Other financial liabilities	1,177.72	1,177.72	1,670.85	1,670.85
Total current	**10,616.52**	**10,616.52**	**11,105.53**	**11,105.53**
Total	**570,489.11**	**570,489.11**	**497,951.26**	**497,951.26**

24 **Segment Reporting**

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

25 **Deferred tax**

There is no deferred tax asset/liability required to be recognised as per Ind AS-12 “Accounting for taxes on Income” as at balance sheet date.

Kameng Dam Hydro Power Limited
Notes to Financial Statements
(All amounts are in ₹ Thousands, unless otherwise stated)

26 Considering the wider developments across the energy sector in India, wherein even commissioned and operational projects are facing significant stress for resolution, the immediate demand for partially developed project, especially various hydro projects that entail further development and construction risks, would attract very limited investor interest. Resultantly, the Company has re - evaluated the recoverability of its investment in Property, Plant and Equipment and other assets which are under stages of construction and implementation over the last few years. Based on such reassessment, Company has undertaken impairment of Property, Plant and Equipment (PPE) and other assets related to the projects and accordingly recognised an impairment loss of ₹ 1,506,350.52 and disclosed the same as exceptional item in the financial statements.

for T R Chadha & Co LLP,	**for and on behalf of the Board**	
Firm Registration No. 006711N		
Chartered Accountants		
Pravin Jabade	**M Balakrishnan**	**Sujit Kumar Datta**
Partner	Director	Director
Membership No. 107196	DIN: 07129848	DIN: 07129858

Place : Hyderabad
Date : 17 Aug 2018