

Sai Maithili Power Company Private Limited**Balance Sheet as at 31 March 2018***(All amounts in Indian Rupees million, except share data and where otherwise stated)*

	Note	31 March 2018	31 March 2017
ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	5	790.61	829.85
(b) Financial Assets			
(i) Investments	6	-	0.00
(c) Other non-current assets	7	2.91	2.57
		793.52	832.42
2 Current assets			
(a) Inventories	8	1.46	0.94
(b) Financial Assets			
(i) Trade receivables	9	13.83	13.97
(ii) Cash and cash equivalents	11	8.64	8.79
(iii) Bank balances other than (ii) above	12	13.25	1.95
(iv) Loans	10	0.10	-
(v) Other financial assets	13	0.39	0.04
(c) Other current assets	7	296.67	242.99
		334.34	268.68
		1,127.86	1,101.10
TOTAL			
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	43.30	43.30
(b) Other Equity		296.03	319.84
		339.33	363.14
Liabilities			
1 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	643.02	594.09
(b) Provisions	17	0.32	0.62
(c) Deferred tax liabilities (net)	18	39.48	24.24
		682.82	618.95
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	-	14.05
(i) Trade payables	19	4.68	3.39
(ii) Other financial liabilities	20	99.89	100.41
(b) Other current liabilities	21	1.08	1.00
(c) Current tax liabilities (Net)		0.06	0.16
		105.71	119.01
		1,127.86	1,101.10
TOTAL			

See accompanying notes to the financial statements

As per our report of even date

for Anant Rao & Mallik*Chartered Accountants*

Firm registration No: 006266S

for and on behalf of the Board

B V Mallikarjuna

Partner

Membership No. 23350

Place : Hyderabad

Date : 13 June 2018

S. Venkatesh*Director*

DIN - 05267026

K Bapi Raju*Director*

DIN - 00940849

Sai Maithili Power Company Private Limited**Statement of Profit and Loss for the year ended 31 March 2018***(All amounts in Indian Rupees million, except share data and where otherwise stated)*

Particulars	Note	31 March 2018	31 March 2017
I Revenue from operations	22	144.72	144.33
II Other income	23	0.55	0.15
III Total revenue		145.27	144.48
IV Expenses			
Employee benefits expense	24	6.69	5.85
Finance costs	25	92.95	80.04
Other expenses	26	14.95	16.97
Depreciation & amortisation expense	5	39.28	39.19
Total expenses		153.87	142.05
V Profit/(loss) before tax (III - IV)		(8.60)	2.43
VI Tax expense			
(a) Current tax			
For the year		-	0.53
less: Mat credit entitlement		-	(0.53)
(b) Deferred tax	18	15.24	15.27
Total tax expenses		15.24	15.27
VII Profit / (loss) after tax (V-VI)		(23.84)	(12.84)
VIII Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss	27	0.03	0.26
Other Comprehensive Income for the year		0.03	0.26
IX Total Comprehensive Income / (loss) for the year (VII+VIII)		(23.81)	(12.58)
X Earnings / (loss) per share (EPS):			
Basic and Diluted- face value Rs.10 per share	29	(5.51)	(2.97)

See accompanying notes to the financial statements

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FRN: 006266S

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B V Mallikarjuna*Partner*

Membership No. 23350

S. Venkatesh*Director*

DIN - 05267026

K Bapi Raju*Director*

DIN - 00940849

Place: Hyderabad

Date: 13 June 2018

Sai Maithili Power Company Private Limited
Statement of Changes in Equity for the year ended 31 March 2018
(All amounts in Indian Rupees million, except share data and where otherwise stated)

A. Equity Share Capital

Particulars	No of Shares	Amount
Balance as at 1 April 2016	4,330,000	43.30
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	4,330,000	43.30
Balance as at 1 April 2017	4,330,000	43.30
Changes in equity share capital during the year	-	-
Balance as at 31 March 2018	4,330,000	43.30

B. Other Equity

	Reserves and Surplus		Items of OCI - Actuarial gains / (losses)	Money received against share warrants	Total
	Securities Premium Reserve	Retained Earnings			
Balance as at 1 April 2016	256.80	5.45	0.17	70.00	332.42
Loss for the year	-	(12.84)	-	-	(12.84)
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Remeasurements of the defined benefit plans	-	-	0.26	-	0.26
Total Comprehensive income for the year	-	(12.84)	0.26	-	(12.58)
Balance as at 31 March 2017	256.80	(7.39)	0.43	70.00	319.84
Balance as at 1 April 2017	256.80	(7.39)	0.43	70.00	319.84
Loss for the year	-	(23.84)	-	-	(23.84)
Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
Remeasurements of the defined benefit plans	-	-	0.03	-	0.03
Total Comprehensive income for the year	-	(23.84)	0.03	-	(23.81)
Balance as at 31 March 2018	256.80	(31.23)	0.46	70.00	296.03

See accompanying notes to the financial statements

As per our Report of even date
for Anant Rao & Mallik
Chartered Accountants
FRN: 006266S

for and on behalf of the Board

B V Mallikarjuna
Partner
Membership No. 23350

S. Venkatesh **K Bapi Raju**
Director *Director*
DIN - 05267026 DIN - 00940849

Place: Hyderabad
Date: 13 June 2018

Sai Maithili Power Company Private Limited
Cash Flow Statement for the year ended 31 March 2018

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

	31 March 2018	31 March 2017
A Cash flow from operating activities		
Operating profit / (loss) before working capital changes	(8.60)	2.43
Adjustment for		
Depreciation and amortisation expense	39.28	39.19
Finance cost	92.95	80.04
Interest income	(0.55)	(0.15)
Others, net	0.03	0.26
Operating profit / (loss) before working capital changes	123.11	121.77
Adjustments for working capital		
Inventories	(0.52)	(0.42)
Trade receivables	0.15	0.11
Financial assets	(0.10)	-
Other assets	(53.53)	(209.74)
Trade payables	1.29	(4.03)
Other current liabilities and provisions	(0.12)	0.79
Cash generated from/(used) in operations	70.28	(91.52)
Income tax refund / (paid)	(0.59)	(0.08)
Net cash from/(used in) operating activities	69.69	(91.60)
B Cash flow from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(14.04)	(13.50)
(Investment) / redemption of bank deposit (having original maturity more than 3 months)	(0.05)	(0.05)
(Investment) / redemption of bank deposit (held as margin money or security against guarantees or borrowings)	(11.25)	(0.08)
Interest income	0.20	0.15
Net cash from/(used in) investing activities	(25.14)	(13.48)
C Cash flow from financing activities		
Proceeds from long term borrowing	115.83	222.69
Repayment of long term borrowing	(59.73)	(53.72)
Proceeds / (Repayment) of short term borrowings, net	(14.05)	14.05
Payment of finance cost	(86.75)	(77.06)
Net cash from/ (used in) financing activities	(44.70)	105.96
Net increase/(decrease) in cash and cash equivalents	(0.15)	0.88
Cash and cash equivalents at the beginning of the year	8.79	7.91
Cash and cash equivalents at the end of the year (Refer note. 11)	8.64	8.79

Sai Maithili Power Company Private Limited
Cash Flow Statement for the year ended 31 March 2018

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

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

Particulars	31 March 2017	Net Cash flows	Non Cash changes		31 March 2018
			Finance cost charged	Unammortised processing charges	
Long term borrowings	655.15	56.10	-	0.48	711.73
Shorterm borrowings	14.05	(14.05)	-	-	-
Interest accrued and due	5.48	(86.75)	92.95	(0.48)	11.20

See accompanying notes to the financial statements

As per our report of even date
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Firm registrtion No: 006266S

for and on behalf of the Board

B V Mallikarjuna
Partner
Membership No. 23350
Place : Hyderabad
Date : 13 June 2018

S. Venkatesh **K Bapi Raju**
Director *Director*
DIN - 05267026 DIN - 00940849

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

1 Corporate information

Sai Maithili Power Company Private Limited ('the Company'), is a Private Company domiciled in India and incorporated under the provisions of Companies Act applicable in India. The Registered Office of the Company is located at 8-2-293/82/A/431/A, Road No.22, Jubilee Hills, Hyderabad – 500 033, Telangana. The Company is engaged in the business of generation and sale of power.

2 Basis of Preparation

2.1 Statement of Compliance

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

The financial statements were authorised for issue by the Board of Directors on 13 June 2018.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest million, unless otherwise stated.

2.3 Basis of measurement

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

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

2.4 Changes in accounting policy and disclosure

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

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

- **IND AS 102 – Shares Based Payments:** The amendments made to Ind AS 102 cover three accounting areas:
 - Measurement of cash-settled share-based payments
 - Classification of share-based payments settled net of tax withholdings and
 - Accounting for a modification of a share-based payment from cash-settled to equity-settled.

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

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

These amendments do not have any material impact on the Company.

2.5 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

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

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

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

3 Significant accounting policies

3.1 Property, plant and equipment

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

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

Nature of asset	Useful life (years)
Buildings	10-25
Plant and equipment	1-25
Furniture & fixtures	1-10
Vehicles	8-10
Office equipment & computers	3-6

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

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

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

3.2 Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

3.3 Financial assets

Initial recognition & Measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

Debt instrument at FVTOCI

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

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

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

Debt instrument at FVTPL

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

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

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

Equity investments

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

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

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.

3.4 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

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings at amortised cost

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

Offsetting of financial instruments

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

Amortised cost of financial instruments

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

Derecognition

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

3.5 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.

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

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

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

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

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

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

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Stores and spares - purchase cost on a first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.7 Foreign currency translation

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

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

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

3.8 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.

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

Sale of electricity : Revenue from the sale of electricity is recognised when earned on the basis of contractual arrangement with the customers and reflects the value of units supplied including an estimated value of units supplied to the customers between the date of their last meter reading and year end. Further, claim towards tariff adjustments and taxes are recognised in accordance with the specific provision of change in law specified under the power purchase agreement with respective customers.

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

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

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

3.9 Taxes

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

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

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint operations, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credit and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint operations, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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Notes to the financial statements

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

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.

3.10 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 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 EIR 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.

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3.13 Cash and short-term deposits

Cash and short-term deposits 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

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 recognised in profit or loss

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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.

Short-term benefits

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

4 Significant accounting judgements, estimates and assumptions

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

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

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

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

Estimates and assumptions

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

- *Estimation of fair value of acquired financial assets and financial liabilities:* When the fair value of financial assets and financial liabilities recorded in the Balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.
- *Un-collectability of trade receivables:* Analysis of historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

Sai Maithili Power Company Private Limited

Notes to the financial statements

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

- *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. Actual results, however, may vary due to technical obsolescence, particularly relating to software and information technology equipment.

Sai Maithili Power Company Private Limited
Notes to the financial statements
(All amounts in Indian Rupees million, except share data and otherwise stated)
5 Property, plant and equipment

	Buildings	Plant and equipments	Furntiure fixtrures	Vehicles	Office equipment & Computers	Total
Deemed cost						
As at 1 April 2016	20.07	883.88	0.19	-	0.24	904.38
Additions	-	-	-	3.47	0.01	3.48
Disposals/transfers	-	-	-	-	-	-
As at 31 March 2017	20.07	883.88	0.19	3.47	0.25	907.86
As at 1 April 2017	20.07	883.88	0.19	3.47	0.25	907.86
Additions	-	-	-	-	0.04	0.04
Disposals/transfers	-	-	-	-	-	-
As at 31 March 2018	20.07	883.88	0.19	3.47	0.29	907.90
Depreication						
As at 1 April 2016	0.93	37.83	0.00	-	0.06	38.82
Additions	0.93	37.89	0.04	0.27	0.06	39.19
Disposals/transfers	-	-	-	-	-	-
As at 31 March 2017	1.86	75.72	0.04	0.27	0.12	78.01
As at 1 April 2017	1.86	75.72	0.04	0.27	0.12	78.01
Additions	0.93	37.83	0.04	0.41	0.07	39.28
Disposals/transfers	-	-	-	-	-	-
As at 31 March 2018	2.79	113.55	0.08	0.68	0.19	117.29
Net book value						
As at 31 March 2017	18.21	808.16	0.15	3.20	0.13	829.85
As at 31 March 2018	17.28	770.33	0.11	2.79	0.10	790.61

i) Property, plant and equipment with a carrying amount of Rs. 790.61 (31 March 2017: 829.85) is subject to security restrictions (refer note 16)

6 Investments

	31 March 2018	31 March 2017
Non-current investments		
Investments in equity instruments - at fair value through OCI (unquoted)		
Nil (31 March 2017: 10) equity shares fully paid up in Sai Lilagar Power Generation Limited	-	0.00
Nil (31 March 2017: 10) equity shares fully paid up in Sitapuram Power Limited	-	0.00
	-	0.00
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	-	0.00
Aggregate amount of impairment in the value of investments	-	-

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

7 Other assets

	31 March 2018	31 March 2017
Non-current		
Prepaid expenses	2.43	2.57
Advance tax	0.48	-
	2.91	2.57
Current		
Prepaid expenses	0.20	0.17
Advance for goods and services	296.47	242.82
	296.67	242.99
	299.58	245.56

8 Inventories

	31 March 2018	31 March 2017
<i>(at lower of cost or net realisable value)</i>		
Stores and spares (including consumables)	1.46	0.94
	1.46	0.94

Inventory of Rs. 1.46 (31 March 2017: Rs. 0.94) for the Company is subject to security restrictions (refer note 16)

9 Trade receivables

	31 March 2018	31 March 2017
Unsecured, considered good	13.83	13.97
	13.83	13.97

Trade receivable of Rs. 13.83 (31 March 2017: Rs. 13.97) for the Company have been pledged as security for borrowings (refer note 16)

10 Loans

	31 March 2018	31 March 2017
Current		
<i>Unsecured, considered good</i>		
Security deposits	0.10	-
	0.10	-

11 Cash and cash equivalents

	31 March 2018	31 March 2017
Cash on hand	0.10	0.02
Balances with banks		
On current account	8.54	8.77
	8.64	8.79

12 Other Bank balances

	31 March 2018	31 March 2017
Deposits with banks held as margin money or security against guarantees or borrowings	12.39	1.14
Deposits having maturity more than 3 months	0.86	0.81
	13.25	1.95

13 Other Financial assets

	31 March 2018	31 March 2017
Current		
Interest accrued	0.39	0.04
	0.39	0.04

Sai Maithili Power Company Private Limited**Notes to the financial statements***(All amounts in Indian Rupees million, except share data and otherwise stated)***14 Share Capital**

	31 March 2018	31 March 2017
Authorized		
5,000,000 (31 March 2017: 5,000,000) equity shares of Rs. 10/- each.	50.00	50.00
	50.00	50.00
Issued, subscribed and paid-up		
4,330,000 (31 March 2017: 4,330,000) equity shares of Rs. 10/- each fully paid-up.	43.30	43.30
	43.30	43.30

Notes

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

b) During the year, the Company has not issued/bought back any equity shares.

c) Equity Shares held by holding company and subsidiaries of Ultimate holding company

	31 March 2018	31 March 2017
(a) Holding company		
No. of shares held	2,251,600	2,251,600
% of shares held	52%	52%
(b) Subsidiaries of Ultimate Holding Company		
No. of shares held	-	2,078,400
% of shares held	-	48%

d) Particulars of shareholders holding more than 5 % of the outstanding shares

	31 March 2018	31 March 2017
Name of the share holder		
(a) V S Lignite Power Private Limited		
No. of shares held	2,251,600	2,251,600
% of shares held	52%	52%
(b) KSK Mineral Resources Private Limited		
No. of shares held	-	1,039,200
% of shares held	-	24%
(c) KSK Surya Photovoltaic Venture Limited		
No. of shares held	2,078,400	1,039,200
% of shares held	48%	24%

15 Money received against share warrants

During 2014-15, the Company has issued 14,000,000 Warrants of face value of Rs. 10 each to KSK Surya Photovoltaic Venture Limited ("KSKSPVL") with an option to apply for and be allotted equivalent number of equity shares of the face value of Rs 10/- each. Pursuant to the same, during 2014-15, Company has received an amount of Rs 70.00 from KSKSPVL towards initial subscription amount (being 50% of total amount).

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

16 Borrowings

	31 March 2018	31 March 2017
Non - current		
<i>Secured</i>		
Term Loan		
Rupee loan from bank (refer note a & d)	338.34	388.45
Rupee loan from others (refer note b & d)	303.23	-
Hire purchase loan		
Rupee loan from others (refer note c)	1.45	1.96
<i>Unsecured</i>		
Term Loan	-	-
Rupee loan from others (refer note d)	-	203.68
	643.02	594.09
Current		
<i>Unsecured</i>		
Loans and advances from related parties	-	14.05
	-	14.05
	643.02	608.14

1) Details of security provided

- a** *Security* : Rupee term from IDBI Bank is secured by first pari passu charge by way of mortgage on all the Company's immovable properties and hypothecation of whole of the movable fixed assets both present and future. Pledge of certain equity shares of the company. Corporate guarantee of KSK Energy Ventures Limited and VS Lignite Power Private Limited.
- b** *Security* : Rupee term loan from L&T is secured by first ranking pari passu charge on the Company's current assets, factories, premises and godowns situated at Gurha Village, Bikaner district of Rajasthan, movable properties, rights under project documents, Project accounts, receivables, rights under insurance policies, intellectual property. Pledge of certain equity shares of the Company by the Promoters.
- c** Hire purchase loan is secured by pledge of vehicle purchased. The hire purchase borrowing carries an weightage average rate of interest of 9.40%.
- d** The long term rupee loan is repayable by August 2031, in monthly and quarterly installments. The long term borrowings carries an weightage average rate of interest of 13.66%

17 Provisions

	31 March 2018	31 March 2017
Non - current		
Provision for employee benefits	0.32	0.62
	0.32	0.62

Note :

1. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table sets out the status of the gratuity plan as required under Ind AS 19

A. Net Benefit (asset) / liability

	31 March 2018	31 March 2017
Defined benefit obligation	1.02	0.74
Fair value of plan assets	(0.70)	(0.12)
Benefit liability	0.32	0.62

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B. Defined benefit obligation:

	31 March 2018	31 March 2017
Defined benefit obligation as at the beginning of the year	0.74	1.05
Included in income statement		
Current service cost	0.10	0.14
Past Service Cost - vested benefits	0.14	
Interest cost	0.05	0.08
	0.29	0.22
Included in other comprehensive income		
Remeasurement loss / (gain)		
Actuarial losses/(gains) on obligation	(0.01)	(0.25)
	(0.01)	(0.25)
Others		
Benefits paid	-	(0.28)
	-	(0.28)
Defined benefit obligation as at the end of the year	1.02	0.74

C. Fair value of Plan Assets

	31 March 2018	31 March 2017
Fair Value of Plan Assets		
Fair value of plan assets beginning of the period	0.12	0.17
Included in income statement		
Interest income	0.01	0.01
	0.01	0.01
Included in other comprehensive income		
Remeasurement loss / (gain)		
Return on plan asset (excluding amounts included in net interest expense)	0.02	0.01
	0.02	0.01
Others		
Contributions	0.55	0.21
Benefits Paid	-	(0.28)
	0.55	(0.07)
Fair value of plan assets end of the year	0.70	0.12

Net defined benefit liability (asset)

	31 March 2018	31 March 2017
Balance	0.62	0.88
Included in income statement		
Current service cost	0.10	0.14
Past Service Cost - vested benefits	0.14	-
Interest cost / (income)	0.04	0.07
	0.28	0.21
Included in other comprehensive income		
Remeasurement loss / (gain)		
Actuarial losses/(gains) on obligation	(0.03)	(0.26)
	(0.03)	(0.26)
Others		
Contributions by employer	(0.55)	(0.21)
Benefits paid	-	-
	(0.55)	(0.21)
Defined benefit obligation as at the end of the year	0.32	0.62

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

Asset information

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

Summary of actuarial assumptions

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

Sensitivity analysis

	31 March 2018		31 March 2017	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1% movement)	0.11	(0.09)	0.08	(0.07)
Salary Growth Rate (- / + 1% movement)	(0.09)	0.11	(0.06)	0.03

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

18 Deferred tax liability / (assets)

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

	1 April 2017	Recognised in the income statement	Recognised in OCI	31 March 2018
<i>Deferred income tax assets</i>				
MAT credit	5.03	-	-	5.03
	5.03	-	-	5.03
<i>Deferred income tax liabilities</i>				
Property, plant and equipment	29.27	15.24	-	44.51
	29.27	15.24	-	44.51
<i>Deferred income tax liability, net</i>	24.24	15.24	-	39.48

	1 April 2016	Recognised in the income statement	Recognised in OCI	31 March 2017
<i>Deferred income tax assets</i>				
MAT credit	4.50	0.53	-	5.03
	4.50	0.53	-	5.03
<i>Deferred income tax liabilities</i>				
Property, plant and equipment	14.00	15.27	-	29.27
	14.00	15.27	-	29.27
<i>Deferred income tax liability, net</i>	9.50	14.74	-	24.24

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

Tax Reconciliation statement

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

	31 March 2018	31 March 2017
Profit as per P&L	(8.60)	2.43
Enacted tax rate	34.608%	34.608%
Normal Tax	(2.98)	0.84
Non recognition of DT on carry forward of losses due to tax holiday	17.92	15.18
Non recognition of DT on expenses due to tax holiday	0.30	(0.75)
Actual tax	15.24	15.27

Sai Maithili Power Company Private Limited**Notes to the financial statements**

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

19 Trade payables

	31 March 2018	31 March 2017
Other than micro and small enterprises	4.68	3.39
	4.68	3.39

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

Trade payable are non-interest bearing and mainly includes amount payable to o&m contractors 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.

20 Other financial liabilities

	31 March 2018	31 March 2017
Current		
Current maturities of long-term debt	68.71	61.06
Interest accrued	11.20	5.48
Salaries and bonus payable	1.90	1.79
Creditors for capital goods (including retention money)	18.08	32.08
	99.89	100.41

21 Other current liabilities

	31 March 2018	31 March 2017
Statutory liabilities	1.08	1.00
	1.08	1.00

Sai Maithili Power Company Private Limited**Notes to the financial statements***(All amounts in Indian Rupees million, except share data and where otherwise stated)***22 Revenue from operations**

	Year ended	
	31 March 2018	31 March 2017
Sale of electricity	144.72	144.33
	144.72	144.33

23 Other income

	31 March 2018	31 March 2017
Interest on financial instruments	0.55	0.15
	0.55	0.15

24 Employee benefits expenses

	31 March 2018	31 March 2017
Salaries, wages and bonus	4.95	5.29
Contribution to provident and other funds (refer note. 17)	0.36	0.35
Staff welfare expenses	1.38	0.21
	6.69	5.85

25 Finance costs

	31 March 2018	31 March 2017
Interest charges	90.03	79.51
Other borrowing cost	2.92	0.53
	92.95	80.04

26 Other expenses

	31 March 2018	31 March 2017
Stores and Spares	1.17	2.85
Repairs and maintenance plant and equipment	5.01	6.45
Legal and professional charges	2.01	1.06
Security and ward expenses	2.61	2.48
Rent	1.32	0.92
Remuneration to auditors for Audit Fees	0.03	0.03
for Certification Fees	0.01	0.02
for Tax audit	0.01	0.01
Travel and conveyance	1.01	1.14
Foreign exchange loss (net)	-	0.01
Other administrative expenses	1.77	2.00
	14.95	16.97

27 Other comprehensive income

	31 March 2018	31 March 2017
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans;	0.03	0.26
	0.03	0.26

Sai Maithili Power Company Private Limited

Notes to the financial statements

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

28 Related party disclosures

a) Parties where control exists

Name of the party	Relationship
VS Lignite Power Private Limited	Holding company

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

Name of the party	Relationship
KSK Energy Company Private Limited*	Enterprise having significant influence
KSK Mineral Resources Private Limited*	Enterprise having significant influence
KSK Surya Photovoltaic Venture Limited	Enterprise having significant influence
KSK Energy Ventures Limited **	Enterprise having significant influence
KSK Electricity Financing India Private Limited**	Enterprise having significant influence

*Till 29.08.2017 Fellow subsidiary

**Till 29.08.2017 Step up holding company

c) Key Management personnel

Name of the party	Relationship
K Bapi Raju	Director
S Venkatesh	Director

d) Related party transactions

Particulars	31 March 2018	
	Enterprise having significant influence	
Transactions		
Loans and advance given / (repaid)		54.49
Loans taken/(repaid)		(14.05)
Balances at the year end		
Amount receivable		295.17

Particulars	31 March 2017	
	Step up holding company	Fellow subsidiary
Transactions		
Loans and advance given / (repaid)	(0.77)	210.00
Loans taken/(repaid)	14.05	-
Balances at the year end		
Amount payable	14.05	-
Amount receivable	0.68	240.00

e) Corporate Guarantees of Rs. 630.00 (31 March 2017: 630.00) and Bank guarantees of Rs. Nil (31 March 2017: 9.00) has been given by Enterprise having significant influence company and Holding company on behalf of the Company.

29 Earnings/(loss) per share (EPS)

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

	31 March 2018	31 March 2017
Net Profit/(loss) after tax	(23.84)	(12.84)
Weighted average number of shares outstanding for the purpose of calculation of Basic and Diluted EPS (in million)	4.33	4.33
Earnings/(loss) per share – Basic/Diluted (in Rs.)	(5.51)	(2.97)

Sai Maithili Power Company Private Limited

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

30 Financial risk management objectives and policies

The company's principal financial liabilities, comprises of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the company operations. The company has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations.

The Company's risk management activities are subject to the management direction. The Management ensures appropriate risk governance framework for the Company through appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Company is exposed to market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analysis in the following sections relate to the position as at 31 March 2018 and 31 March 2017.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit and loss item is the effect of the assumed changes in respective market risk. This is based on the financial asset and financial liabilities held at 31 March 2018 and 31 March 2017.

Interest rate risk

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings as follows:

Currency	Change in basis points	Effect on profit before tax / equity	
		31 March 2018	31 March 2017
INR	+50	(2.34)	(2.15)
INR	(50)	2.34	2.15

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The majority of our assets are located in India where the Indian rupee is the functional currency.

Company borrowings are denominated in Indian Rupees, and a large portion of cash and liquid investments are held in the Indian rupee. Some financial assets and liabilities are not held in the functional currency.

Consequently, currency fluctuations may have a impact on company financial results.

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The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR are as follows:

Particulars	As at	
	31 March 2018	31 March 2017
	USD	USD
Financial liabilities		
Trade Payable	0.52	0.52

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

31 March 2018	Closing exchange rate	Effect of 5% strengthening of US \$ on net earnings	Effect of 5% strengthening of US \$ on total equity
USD	65.073	(0.02)	(0.02)

31 March 2017	Closing exchange rate	Effect of 5% strengthening of US \$ on net earnings	Effect of 5% strengthening of US \$ on total equity
USD	64.880	(0.02)	(0.02)

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 March 2018	31 March 2017
Trade receivables	9	13.83	13.97
Loans	10	0.10	-
Short term deposits with banks	12	13.25	1.95
Other financial asset	13	0.39	0.04
		27.57	15.96

The company has exposure to credit risk from a limited customer group on account of supply of power. However, the company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are public sector undertaking which are Government undertakings and hence they are secured from credit losses in the future. 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

Sai Maithili Power Company Private Limited

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Liquidity risk analysis

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

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

	Current		Non-current	Total
	within 12 months	1-5 years	Later than 5 years	
Borrowings	157.13	538.70	524.94	1,220.77
Trade and other payables	4.68	-	-	4.68
Other financial liabilities	31.18	-	-	31.18
Total	192.99	538.70	524.94	1,256.63

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

	Current		Non-current	Total
	within 12 months	1-5 years	Later than 5 years	
Borrowings	150.17	474.82	429.16	1,054.15
Trade and other payables	3.39	-	-	3.39
Other financial liabilities	39.35	-	-	39.35
Total	192.91	474.82	429.16	1,096.89

Capital management

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

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

- Ensure company's ability to meet both its long-term and short-term capital needs as a going concern;
- Constantly evolve multiple funding alternatives – equity and /or preference capital, senior and /or subordinated debt, corporate loan facilities to arrive at an optimal capital mix;
- Fine tune capital deployment decisions to enable adequate return to shareholders.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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 March 2018	31 March 2017
Total borrowing	711.73	669.20
Less : Cash and bank balances	(8.64)	(8.79)
Less : Other bank balances	(13.25)	(1.95)
Net debt	689.84	658.46
Equity	339.33	363.14
Total equity	339.33	363.14
Net debt to equity ratio	2.03	1.81

Sai Maithili Power Company Private Limited
Notes to the financial statements

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

31 Financial Instruments

Carrying amounts versus fair values

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

	Carrying amount	Fair value	Carrying amount	Fair value
	31 March 2018	31 March 2018	31 March 2017	31 March 2017
Current financial assets				
Trade receivables	13.83	13.83	13.97	13.97
Cash and cash equivalents	8.64	8.64	8.79	8.79
Bank balances	13.25	13.25	1.95	1.95
Loans	0.10	0.10	-	-
Other financial assets	0.39	0.39	0.04	0.04
Total current	36.21	36.21	24.75	24.75
Total	36.21	36.21	24.75	24.75
Non- current financial liabilities				
Borrowings	643.02	643.02	594.09	594.09
Total non-current	643.02	643.02	594.09	594.09
Current financial liabilities				
Borrowings	-	-	14.05	14.05
Trade payables	4.68	4.68	3.39	3.39
Other financial liabilities	99.89	99.89	100.41	100.41
Total current	104.57	104.57	117.85	117.85
Total	747.59	747.59	711.94	711.94

32 Segment information:

The Company is engaged in setting up of the solar power plant in Rajasthan State. Considering the nature of Company's business and operations as well as based on reviews of operating results by the chief operating decision maker to make decisions about resource allocation and performance measurement, there is only one reportable segment in accordance with the requirements of Ind AS - 108 – "Operating Segments", prescribed under Companies (Indian Accounting Standards) Rules, 2015.

As per our Report of even date

for Anant Rao & Mallik

Chartered Accountants

Firm registration No : 006266S

for and on behalf of the Board

B V Mallikarjuna

Partner

Membership No. 23350

Place : Hyderabad

Date: 13 June 2018

S. Venkatesh

Director

DIN - 05267026

K Bapi Raju

Director

DIN - 00940849