



ANNUAL REPORT
2014-15

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KSK Mahanadi, Chhattisgarh



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01 | OPERATIONAL HIGHLIGHTS

2072 MW

Operating capacity

Includes 1200 MW of KSK Mahanadi

3600 MW

KSK Mahanadi

1200 MW with entire balance of plant
commissioned

Ancillary Infrastructures

Commissioning of ancillary infrastructure
facilities including water pipeline, rail lines

Solar Power

10 MW Solar power generation project fully
operational

New Solar power generation projects under
planning

5+GW

Potential Opportunities

Hydro and other opportunities – potential
collaboration for taking up next stage of
development

01 | FINANCIAL HIGHLIGHTS

Revenue

382m

2014: 336m

Cash Generated from Operations

93m

2014: 52 m

Gross Profit

103m

2014: 91 m

Operating Profit

41m

2014: 58 m

Finance Income

19m

2014: 36 m

(Loss) / Profit After Tax

(69)m

2014: (59) m

Investment in PPE

3,457m

2014: 3,215 m

Cash and Bank Deposit

198m

2014: 194 m

Total Assets

4,290m

2014: 4,016 m

Project Finance

2,761m

2014: 2,153 m

02 | CHAIRMAN'S STATEMENT



The Power generation in India during 2014-15 reached 1,048 Terawatt-hour (TWh), tracking the doubling of installed capacity in the country over the last decade. This robust growth demonstrates a vibrant market for all forms of energy (including energy from renewables) and holds promise for the extra ordinary potential that generation business holds in India to address the needs of energy-starved India.

However, Plant Load Factor (PLF) of Thermal Power Projects across India stood at 64% for the year as against 80% PLF achieved by nuclear capacities in the same period, demonstrating the contrasting trends of base load stations in the country. Further private sector, which accounts for 67 GW of thermal capacity base in the country, has experienced an average PLF level of 60%.

Therefore while the immediate term performance of the Company and sector as a whole continues to be impacted, there is renewed hope and the expectation that recent definitive step by the Indian Government to resolve longstanding issues confronting the power generation business would start producing results and upon addressal of the various bottlenecks and achieving superior asset utilisation ahead.

The year 2015 witnessed the Company's power plants' aggregate gross generation reaching 6.16 TWhs. With various operational challenges at 540MW Sai Wardha and 1200MW of the KSK Mahanadi now being addressed, it is anticipated that, subject to the commencement of the 2nd unit of operations at KSK Mahanadi for atleast part of the current year, gross generation would cross 9 TWhs during 2015-16. Significant asymmetry that has occurred over the last three years with respect to fuel and transmission issues has resulted in low PLF requiring corrective action for the sector as a whole. The performance of the Group results has to be read in the context of not just distinct circumstances across the Indian power sector, but also together with the overriding challenging times and accompanying economic environment in India.

Whilst the issues at Sai Wardha have seen an improvement during the first quarter of the current year, with partial resolution through Fuel Supply Agreements amendments, the final execution of the definitive agreement has been delayed due to a number of localised factors. When this is successfully resolved, the profitability is expected to revert to the previously achieved levels and Sai Wardha should be in a position to pursue potential re-financing opportunities.

The phased construction of the KSK Mahanadi project is making steady progress, with the first two 600 MW units already commissioned. Once the transmission corridor issues are resolved by the authorities, the plant is expected to achieve power generation for a substantial part of the current financial year. Further, interim coal imports from overseas through appropriate collaborative arrangements that have been put in place,

and facilitated by working capital lenders will provide sufficient fuel for the planned power generation from KSK Mahanadi.

In line with the overall Indian power sector, the Company has suffered fuel supply setbacks during the year, wherein both the Fuel Supply Agreements (FSA's) with Goa Industries Development Corporation and Gujarat Mineral Development Corporation have become inoperable on account of the cancellation of their respective coal blocks by Hon. Supreme Court of India. In a recent development, the tapering linkage contract has been discontinued by the Ministry of Coal and an alternate Memorandum of Understanding based supplies has been proposed as an interim arrangement until 31st March, 2016. It is expected that the Ministry of Power and Ministry of Coal are planning a comprehensive new plan and structure wherein coal supply plans would be formulated to address needs of those power plants that have physically progressed on the ground and with PPA commitments to DISCOMS already made. KSK Mahanadi together with multiple DISCOMS supply PPAs is pre-eminently qualified for favourable considerations and accordingly necessary coal requirements of KSK Mahanadi could be suitably addressed. The Company is currently in discussions with both Government and Project stakeholders regarding the terms of existing drawn and undrawn financial facilities in order to match these to the current development and additional financing plans for KSK Mahanadi. Discussions with all stakeholders regarding such arrangements have been positive to date and the company's lenders are supportive of the proposed arrangements.

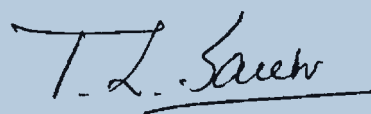
The additional debt funding for the KSK Mahanadi power project, to cover the significant USD/INR

currency fluctuations on project imports and the extended time lines, has been agreed by the consortium of project lenders and regulatory dispensation is currently being sought. Nonetheless, the Company monitors the situation on an on-going basis and plans alternative arrangements where necessary. The outcome of all of the above may impact on the timing of that strategic development of the remaining four units.

The consequent refinancing at the operational phase of 1200MW at KSK Mahanadi and other decisions by the project lenders is expected to provide an enabling framework for completion and operation of the balance of units by 2017.

The year continued to be a difficult time for the entire power sector in India and management have maintained their efforts to address various challenges in the operating projects. KSK's bold growth initiative, from start-up to becoming a leading independent power producer targeting c.3% of total Indian power generation by 2017 (upon completion of all units of KSK Mahanadi), demonstrates KSK's long term strategy and upon successful resolution of the various issues, demonstrates the potential for profitability in this key area of the Indian economy.

KSK's performance during the year would not have been possible without the valuable and appreciated support of its shareholders who have enabled us to pursue appropriate business opportunities in these challenging times.



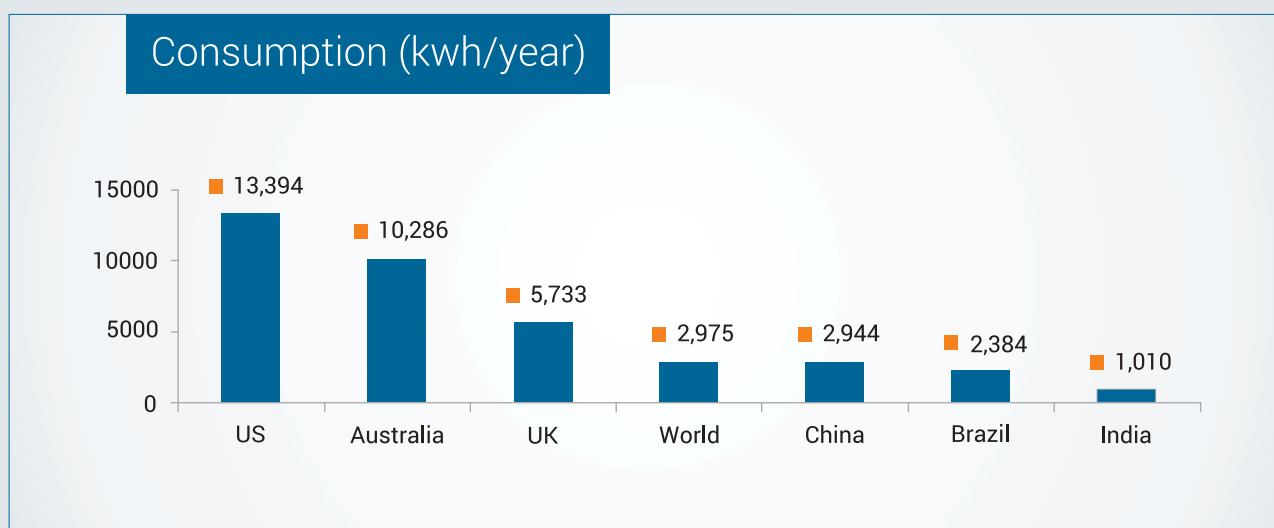
T.L. Sankar

Chairman

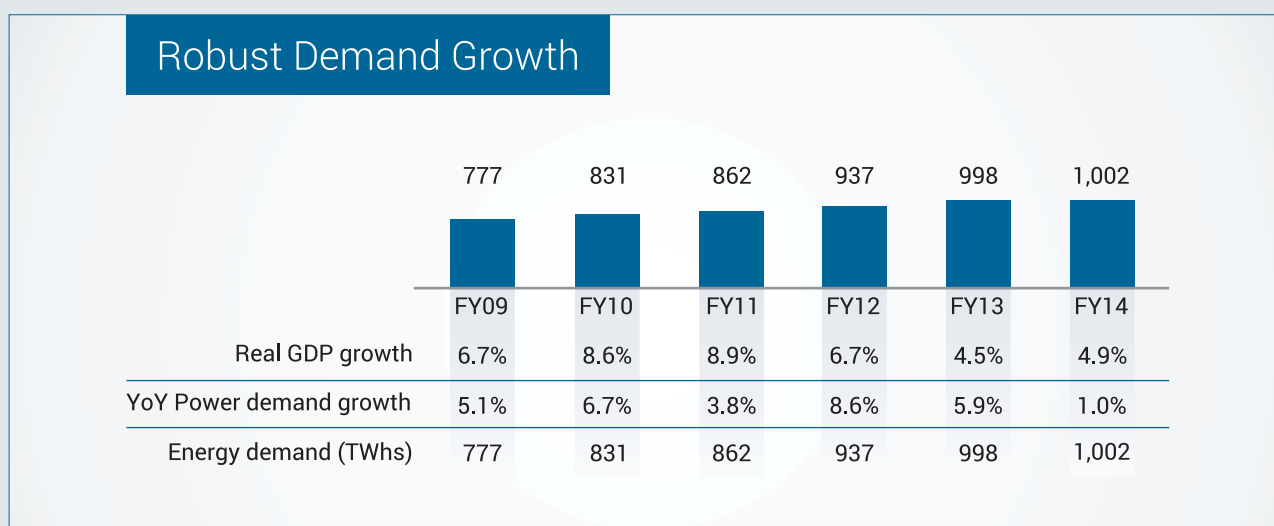
03 MARKET OVERVIEW

The total power generation in the country during FY 15 was 1049 Billion Units (BUs) as against 967 Billion Units during FY 14 and the installed generation capacity in the country, as on 31 March, 2015 were 272 GW as against 245 GW on 31 March 2014. However, Plant Load Factors of Thermal Power Projects stood at 64% for the year as against 80% achieved by nuclear capacities, demonstrating the contrasting trends of base load stations in the country. Further Private sector, which accounts for 67 GW of thermal capacity base, has experienced an average PLF level of 60% and Private Coal fired stations even below, reflecting the significant potential moving forward in the overall market upon addressal of the various bottlenecks and achieving superior asset utilisation.

India's annual per capita power consumption is about 1,010 kilo watt hours (KWh), which is substantially lower than other developed and developing countries and approximately 30% of the global average as tabulated below:

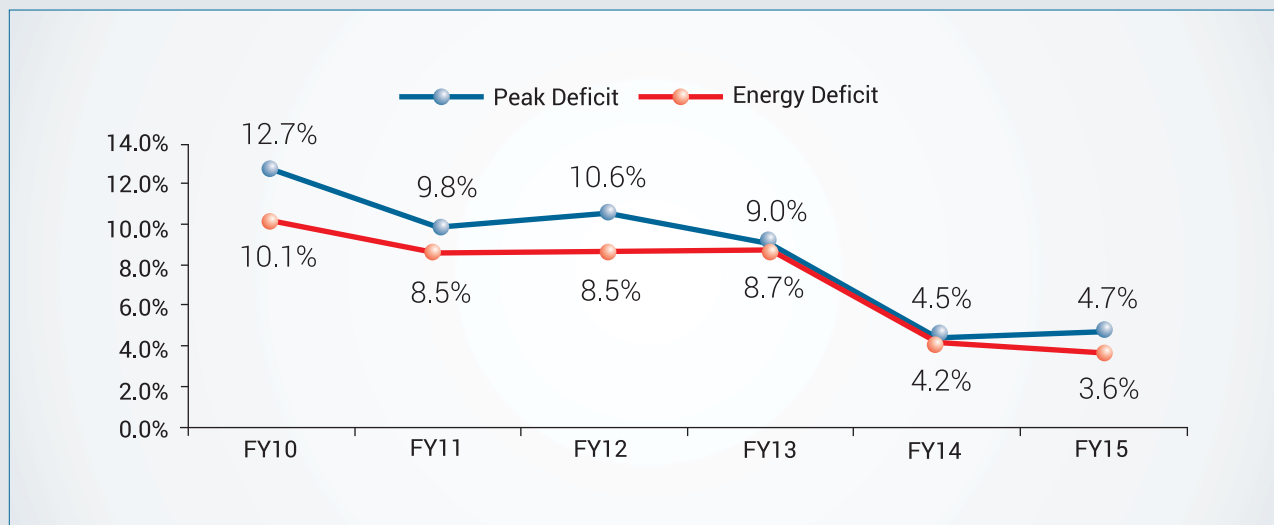


Further, the demand growth is primarily a function of the real GDP growth and moves in tandem as tabulated below.

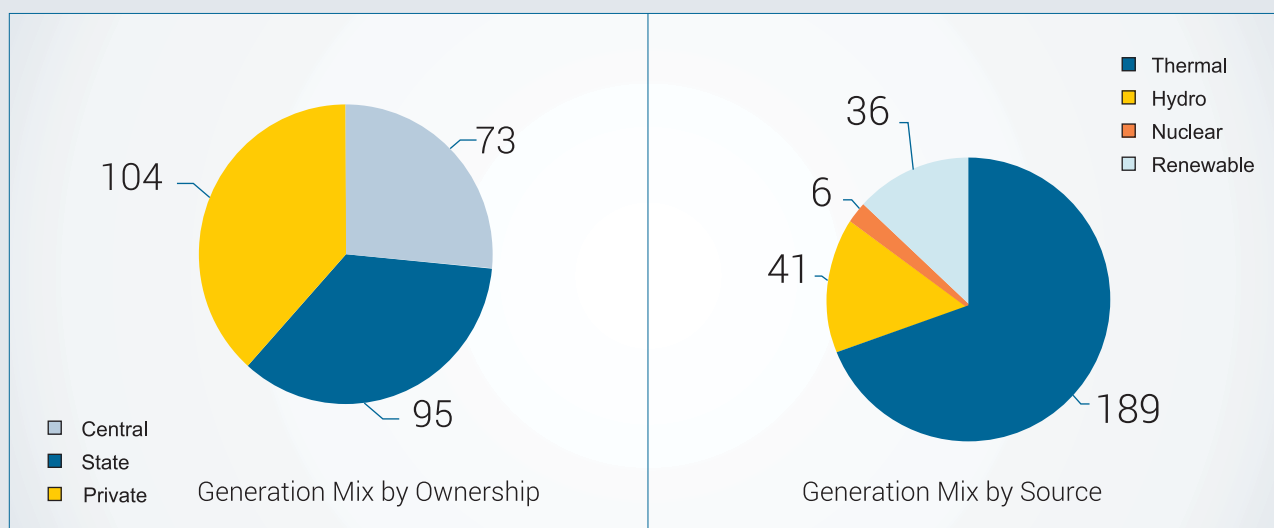


03 | MARKET OVERVIEW

This decrease in economic growth has resulted in a temporary decrease in the peak and energy deficit as captured below:



To continue above average economic growth, augmentation of power generation capacity along with necessary transmission and distribution infrastructure is essential. India's power generation capacity is dominated by thermal power generation and particularly by coal. The current generation capacity mix by fuel and ownership for FY 15 is provided below:



Power Supply Scenario in FY 2015-16

The assessment of the anticipated power supply position in the country during the year 2015-16 has been made by the Central Electricity Authority taking into consideration the power availability from various stations in operation, fuel availability and anticipated water availability at hydro electric stations. A capacity addition of 20,037 MW during the year 2015-16 comprising 17,346 MW of thermal, 1,691 MW of hydro and 1,000 MW of nuclear power stations has been considered. The gross energy generation in the country has been assessed as 1,137.5 BU from the power plants in operation and those expected to be commissioned during the year in consultation with generating companies/ SEBs and taking into consideration the proposed maintenance schedule of the units during the year.

03 MARKET OVERVIEW

Anticipated All India Power Supply Position for the year 2015 - 16

	Energy			Demand		
	Requirement	Availability	Surplus/ Deficit	Requirement	Availability	Surplus/ Deficit
	(MU)	(MU)	%	(MW)	(MW)	%
Northern	355,794	354,540	-0.4	54,329	54,137	-0.4
Western	353,068	364,826	3.3	48,479	50,254	3.7
Southern	313,284	277,979	-11.3	43,630	35,011	-19.8
Eastern	124,610	127,066	2	18,507	19,358	4.6
N-Eastern	15,703	13,934	-11.3	2,650	2,544	-4
All India	1,162,423	1,138,346	-2.1	156,862	152,754	-2.6

Fuel Availability for Power Generation

With about 188,897 MW of the installed capacity, contributed by coal based power plants, coal remains a key fuel for power generation.

The total coal consumption during FY 2015 was 531.48 Million Tonnes as compared to 489.40 during FY 2014. Expecting lower availability of coal from the domestic market in FY 15-16, Ministry of Power has set an Annual Target of Imported Coal for the year 2015 - 16 at 73 Million Tonnes. As per the twelfth five year plan the estimated coal requirement for FY 16-17 is 842 MT and the expected shortage of domestic coal is likely to be around 192 MT even at most optimistic production plan of domestic sources.

State Distribution Companies' Financial health

State Distribution Companies (State Discoms) financial position is a concern reflected by power sector under performance. The huge financial burden reflects under recoveries arising from energy sold, lack of tariff revision initiative, high transmission & distribution losses & inadequate planning of future energy requirement. This was the major factor attributing towards recent softness in merchant power prices. However, several positive developments are changing the overall scenario. One of the key developments last year was the approval of Financial Restructuring Scheme (FRS) of State Discoms to enable their turnaround and to ensure their long term viability.

Prices in Short Term Power Markets

There has been a significant decline in the price realization on short term power. This has been primarily on account of the procurement behavior of the Distribution licensees, the procurers who utilize such supplies to meet their short term requirements of power during the last four years wherein Load shedding was resorted to rather than high cost purchases.

Capitalize on the Growth of the Indian Power Generation Sector

The electricity generation target for the year 2015-2016 was fixed as 1,137.5 Billion Units (BU). i.e. growth of around 8.47% over actual generation of 1,048.673 Billion Units (BU) for the previous year (2014-2015). The Energy requirement at the end of 13th plan is estimated at 1993 Billion Units (BU). We believe that our power projects will play a role in the growth of the Indian power sector and contribute in achieving the Govt's vision for the power sector. In addition to the power projects that

03 | MARKET OVERVIEW

we are currently operating, constructing or planning, we intend to develop or acquire additional power projects in the future.

Continue to Focus on our Sustainable Business Model

Opening the power generation sector in India to the private sector has increased the involvement of market dynamics in the operation and maintenance of power projects across the country. In order to remain competitive we will continue and propose to undertake the following steps:

- continue to evaluate and gauge competitive opportunities in the power sector that we can enter into;
- consolidate our position in the power sector by increasing our portfolio of power projects;
- focus on fuel security, through the use of various types of fuel from separate sources;
- continue to enter into strategic relationships with our consumers or fuel suppliers in establishing SPVs to operate the power projects; and
- focus on entering into appropriate arrangements for the supply of water and transport infrastructure.

Challenges

As the Indian power sector is embarking on increasing the generation and transmission capacities, key challenges lie ahead and are required to be dealt with. Power sector is poised at a crucial juncture where it is expected to meet the growing challenges of the future as well as being faced with some fundamental constraints in its path of evolution.

With ambitious capacity addition plans, fuel emerges as the most significant constraint, which project developers have to grapple with and the lenders are hesitant to take the risk. Poor financial condition of State utilities due to high AT&C losses and inadequate tariff also are major constraints in the sector. Other major constraints being faced by the power sector pertain to delays in environment clearances and other key inputs such as land and water. Shortage of talent and trained manpower in the construction sector is a long term problem and is likely to continue to push up project costs and risks.

Even though concerted efforts are being made to tackle these issues, it is felt that since they concern initiatives/ action to be taken by various other Ministries and Departments, intervention at the highest level is required to comprehensively work out plausible solutions.



Sai Regency, Tamilnadu

04 OPERATIONS REVIEW



The Company's strategy has been to focus on achieving operational performance at the two important stations of KSK Mahanadi and Sai Wardha, which account for 1740 MW of the 2072 MW of the Group's current operating base while seeking to address fuel, PPA and open access constraints, thereby ensuring higher asset utilisation levels, minimising costs and maximising revenues.

A full year of operation of the 1740 MW power plants of KSK Mahanadi and Sai Wardha could take potential power generation anywhere in the 7.6 to 12.9 TWh range based on annualised PLF achieved upon addressing various constraints. After achieving higher generation from the above operating capacity further progress on the balance capacities of 1200 MW each at KSK Mahanadi would enable another 10 to 15 TWh of generation added.

Operational Performance

During the year operating assets recorded an aggregate generation of 6,158 GWh as against 5,757 GWh for the previous year, with the following individual Plant Load Factors ("PLF").

	31 March 2015		31 March 2014	
	MW	PLF	MW	PLF
KSK Mahanadi (First 600 MW)	3,203 GWh	(61%)	1,088 GWh	(62%)
Sai Wardha (540 MW)	1,174 GWh	(25%)	2,586 GWh	(55%)
VS Lignite (135 MW)	851 GWh	(72%)	902 GWh	(76%)
Sai Regency (58 MW)	423 GWh	(83%)	445 GWh	(88%)
Sai Lilagar (86 MW)	148 GWh	(20%)	341 GWh	(45%)
Sitapuram Power (43 MW)	343 GWh	(91%)	342 GWh	(91%)
Solar Project (10 MW)	16 GWh	(18%)	19 GWh	(21%)
Wind Project			33 GWh	(20%)

Although there has been an increase in generation over the previous year, the overall generation across the portfolio is below expectations, given the challenges currently faced by the energy sector in India.

- The 3.6 GW KSK Mahanadi power project is under construction with further progress being made during the year, including:
 - Commissioning of the two 600 MW units, along with commissioning of the entire balance of plant as well as ancillary common infrastructure facilities including water, rail lines etc.
 - Varying construction progress on the final four 600 MW units.
- Full operation of the current 1,200 MW at KSK Mahanadi, particularly the second 600 MW unit has been delayed due to transmission corridor access issues and the Company has sought intervention by the Central Electricity Regulatory Commission (CERC) for commencement of 500 MW supplies to Tamil Nadu. The Company has approached CERC and subsequent to the order dated 16th February, 2015 a final implementation order has now been issued by CERC on



3rd July 2015 to make the transmission corridor access available for applicants. It is anticipated that Power Grid (the state owned Transmission Company) will resolve the transmission access shortly. Early supplies to Uttar Pradesh DISCOMS of 300 MW have been enabled following the grant of the Medium Term Open Access (until October 2016) and KSK Mahanadi is currently awaiting the scheduling of power upon Power Grid's notification.

- Operating constraints at Sai Wardha with respect to coal costs, open access and PPAs continued during the year. Favourable decisions from the Competition Commission of India and the Appellate Tribunal for Electricity have been obtained both with respect to coal as well as a 25 year PPA with MSEDCL (a local State utility Company) and efforts are underway to obtain implementation at the earliest. In the interim, short term power sale arrangements are being undertaken and reduced asset utilisation levels mean revenues and profitability will continue to experience marginal improvements in the short term before full improvements are realised.

3600 MW KSK MAHANADI POWER COMPANY LIMITED (KMPCL)

The construction activity at KSK Mahanadi, a large, single location, greenfield private power plant continues, with significant achievements during the year under review, and the period up to this date:

- the first 600 MW unit under operation with 3,203 GWh of generation during the year;
- the second 600 MW unit commissioned;
- construction of the remaining four 600 MW units are planned to be built in two phases of 1200MW each;
- completion of the construction of the major part of the civil works and common operation infrastructure at site;
- switch yard and transformer yard commissioned, with back charging of 400kV switch yard and transmission system enabling 'live in live out' connectivity for evacuation of power generated into the national grid.

Upon stabilized generation from 1200 MW units, the Company's management will continue to focus its efforts on expediting the construction of the next 1200 MW units before the last 1200 MW units are accelerated for completion. Effective project execution on ground has been de-risked as each of the three 1200 MW projects and their associated expenditure and implementation are being monitored individually.

04 | OPERATIONS REVIEW

ANCILLARY INFRASTRUCTURE INITIATIVE AT KSK MAHANADI

The Company's construction of the infrastructure to support the KSK Mahanadi power project continued with the commissioning of the entire water pipeline infrastructure and rail connectivity to the power plant for transportation.

■ KSK Water Infrastructures

Infrastructure works, including the construction of the 60 km pipelines and the pump stations for the supply of water for the Mahanadi project were completed and are operational. The additional intermediate reservoir works, sufficient to support the continuous operation of all six 600 MW units are expected to be completed shortly for integration with the power plant.

■ Raigarh Champa Rail Infrastructure

The Company's 15.7 km inward railway line connecting the Mahanadi Plant with the Indian Railways main line was completed during the period, enabling the movement of coal into the power plant. As regards the 65.5 km line connecting the Gare Pelma coal block to the main line, owing to the issues regarding the coal blocks, this is currently not being pursued until further clarity emerges.

■ KSK Mineral Resources

As regards the KSK Mineral Resources initiative, the Company has brought a claim against Goa Industrial Development Corporation (GIDC) for reimbursement of the entire mine development expenditure support provided with respect to Gare Pelma III coal mine. GIDC has confirmed that necessary claims for the same have been lodged by them with the relevant authority concerned as provided for under the Rules of the new coal mines statute and a further update is currently awaited.

540 MW SAI WARDHA POWER LIMITED (SWPL)

The total gross power generated in the plant during the review period was 1,174 GWh with an average Plant Load Factor (PLF) of 25%. This reflected the challenging local operating environment, the fuel and the open access grid constraints experienced by Sai Wardha Power.

Post favourable ruling by the Competition Commission of India ("CCI") in favour of Sai Wardha during October 2014, while the aspects of quality are currently under addressal through Western Coalfields Limited's agreement to third party sampling post amendment to the Fuel Supply Agreement, the vital amendment on the pricing aspect has not yet been achieved.

As regards long term power sale arrangements to commence supplies for half of the capacity of the Sai Wardha project, the Appellate Tribunal for Electricity has ruled in favour of Sai Wardha in February 2015 and PPA execution is expected. However, to ensure enhanced asset utilisation, power supplies are being made to the same utility on short term contracts resulting in enhanced PLFs during the first quarter.

The Company continues to use every effort to pursue the coal price reduction and the granting of the necessary open access permission, which will ultimately lead to the enhanced utilization and profitability of Sai Wardha plant.

135 MW VS LIGNITE POWER PRIVATE LIMITED (VSLP)

The total gross power generated in the plant during the year was 851 GWh, with an average PLF of 72%. The Company has been mandated by the local state for power supplies under long term PPA with a local grid company and the company is

04 | OPERATIONS REVIEW

currently operating under a short term PPA until March 2016. The Company is continuing its efforts to secure necessary long term PPAs from the local grid as mandated by the Government and is confident of achieving the same during the current year.

86 MW SAI LILAGAR POWER LIMITED (SLPL)

The total gross power generated in the plant during the year was 148 GWh, with an average PLF of 20%, primarily reflecting the transition from Captive Power Plant to Independent Power Producer.

With the new PPA arrangements in place, asset utilisation is expected to significantly improve and reach low to mid 80% PLF levels over the next few quarters. As a result, the Company anticipates increased generation, revenue and profitability from the SLPL plant.

58 MW SAI REGENCY POWER CORPORATION PRIVATE LIMITED (SRPCPL)

The total gross power generated in the combined cycle gas fired power plant during the year was 423 GWh, with an average PLF of 83%. With the continuous supply of gas and the efficient operation, the plant has produced an exceptional operational and financial performance, which the Company expects to continue in the future.

43 MW SITAPURAM POWER LIMITED (SPL)

The total gross power generated in the plant during the year was 343 GWh, with an average PLF of 91%. Although the fuel cost for the period under review have increased due to an increase in coal prices from the Singareni Collieries Company Limited, as well as from open market purchases, the energy generated in the period has been supplied to the captive consumers in accordance with the provisions of the PPA and the balance of power sold to local utilities.

10 MW SAI MAITHILI SOLAR POWER PROJECT

The total gross power generated by the plant during the year was 16 GWh, with an average PLF of 18%. The 10 MW PV solar power generation plant is located in the state of Rajasthan, operating under the Jawaharlal Nehru National Solar Mission.

CONSTRUCTION OF ADDITIONAL SOLAR POWER GENERATION PLANTS

In response to the continuing initiative of the Indian Government, the Company is seeking to develop an additional 250 MW of solar power generation projects in the medium term wherein the first 50 MW is expected to commission over the next few months and an additional 50 MW planned to commission before end of the current financial year.

A number of early initiatives for procurement of the necessary panels and associated balance of plant equipment has been finalised with select vendors, with active support of Banks who are ready to provide requisite long term financing as may be required.

WIND POWER GENERATION AND HYDRO POWER GENERATION INITIATIVES

The Company continues to pursue specific wind power generation initiatives as well as work on the hydro project portfolio and suitable collaboration opportunities. The first step was the induction of North East Electric Power Corporation Limited, as an equity partner in the 120 MW Dibbin Hydro project which is expected to experience further progress.

05 | FINANCIAL REVIEW



Financial Highlights:

Particulars	March 2015	March 2014	% change
Revenue	382,307	335,866	13.8
Gross profit	103,273	91,146	13.3
Operating profit	40,564	58,027	(30.1)
Loss before tax	(160,111)	(72,123)	122.0
Average exchange rate Rupee/USD	Rs 61.18 / \$	Rs 60.43 / \$	

Given the current trading environment, while the underlying revenue and gross profit growth compared to the previous year shows an increase, there has been a decrease in operating profit and an increase in the loss before tax due to the lower than expected PLF at Sai Wardha as well as single 600 MW unit operations at KSK Mahanadi owing to the transmission corridor constraints of national grid restricting actual generation, and the resultant mismatches in meeting overall financing costs.

Notwithstanding the challenges across the sector and exchange rate volatility expected to continue during the current year that could create distortions to the Company's performance, the combination of our underlying assets, our risk mitigation strategies and certain recent positive developments should, in the long term, assist in moving the Company back towards meeting market expectations. However, in the short term, owing to capacity utilisation rates remaining below the Board's initial plans, such expectations are likely to be met gradually.

Principal activity and overview

KSK Group is primarily engaged in the development, ownership, operation and maintenance of power generation assets in India with next level of growth coming through large base load thermal power plants, hydro power opportunities and solar power generation with supplies predominantly to utilities. To support these power generation initiatives, the group also is

The financial performance of the Company in the immediate term has been constrained due to a number of factors beyond the control of the company such as transmission corridor uncertainty on account of regulatory impasse, fuel uncertainty on account of coal block cancellations by the court, PLF and power supplies uncertainty on account of Open access and Fuel issues and regulatory policy uncertainty affecting Company's overall funding plans and progress thereto. Work continues on the major initiatives in this regard and we intend to continue evaluation of the entire asset base to ensure that equity at appropriate levels is addressed and a robust generation portfolio completed.

The Company's financial performance in the longer term is anticipated to be robust and resulting in an improved financial performance over time on account of significant long term PPAs executed at higher attractive tariff rates and upon securing necessary fuel linkages, the Company's growing power generation plant portfolio along with operational efficiencies enabled. It is anticipated that the power procuring utilities would find KSK power generation plants extremely attractive, tariff competitive and therefore utilisation levels accordingly improve significantly to above 80% levels.

currently undertaking business activities in mineral interest, mine development and other support ancillary infrastructure, which may be integrated into power generation activities at an appropriate time. KSK focused its strategy on the private sector power development market, undertaking entire gamut of development, investment, construction, operation and maintenance of power plant with supplies initially to industrial consumers operating in India and now branching out to cater to the needs of utilities and others in the wider Indian power sector.

Income Statement Operating Results

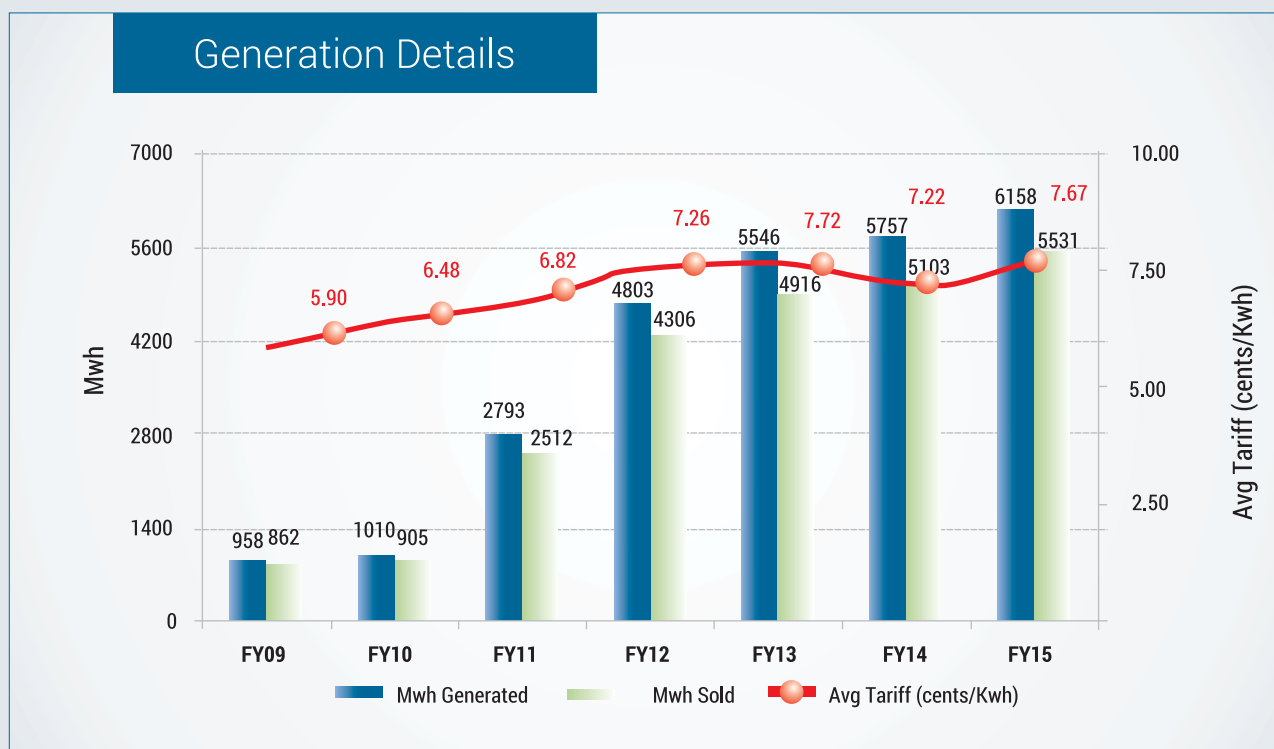
Particulars	March 2015	March 2014	Variance	% variance
Revenue	382,307	335,866	46,441	13.8%
Cost of revenue	(279,034)	(244,720)	(34,314)	14.0%
Gross Profit	103,273	91,146	12,127	13.3%

Generation, sales and revenues

The total revenues of the Group have increased by US \$ 46,441 reflecting a year on year increase of 13.8% mainly on account of increase in 428 mn units sold coupled by increase in average realisation of 0.45 cents / kWh. The following table and charts shows year on year trend in units generated, units sold and average tariff realisation in cents/kWh

Particulars	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Mwh Generated	958	1,010	2,793	4,803	5,546	5,757	6,158
Mwh Sold	862	905	2,512	4,306	4,916	5,103	5,531
Average Tariff (cents/ kWh)	5.90	6.48	6.82	7.62	7.72	7.22	7.67

05 FINANCIAL REVIEW



Gross Profit

Gross profit of the Group increased from US \$ 91,146 to US \$ 103,273, reflecting a year on year increase of 13.3%. Increase is mainly on account of full year contribution from KSK Mahanadi. However, increase is offset by lower utilisation at Sai Wardha due to the challenging local operating environment, the fuel and the open access grid constraints experienced and lower utilisation at Sai Lilagar primarily reflecting the transition from captive power plant to independent power producer.

Operating Profits

Particulars	March 2015	March 2014	Variance	% variance
Gross Profit	103,273	91,146	12,127	13.3%
Other operating income	9,396	7,064	2,332	33.0%
Distribution costs	(10,501)	(11,014)	513	(4.7%)
General and administrative expenses	(61,604)	(29,169)	(32,435)	111.2%
Operating profit	40,564	58,027	(17,463)	(30.1%)

Operating profits of the Group have decreased by 30% from US \$ 58,027 in FY 2014 to US \$ 40,564 in FY 2015 mainly because of increase in general and administrative expense by 111% due to impairment of coal recompense at Sai Wardha of US \$ 24,590 and loss on acquisition of additional 49% stake in Sai Lilagar of US \$ 2,001. However it is offset to certain extent by increase in other operating income from US \$ 7,064 to US \$ 9,396 due to claims received from EPC Contractor of US \$ 7,952 in current year as against insurance claims of US \$ 5,850 in previous year.

05 | FINANCIAL REVIEW

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



Profit / (loss) for the year

Particulars	March 2015	March 2014	Variance	% variance
Operating profit	40,564	58,027	(17,463)	(30.1%)
Finance costs	(219,810)	(165,969)	(53,841)	32.4%
Finance income	19,135	35,819	(16,684)	(46.6%)
Loss before tax	(160,111)	(72,123)	(87,988)	122.0%
Income tax income	91,204	13,106	78,098	595.9%
Loss for the year	(68,907)	(59,017)	(9,890)	16.8%

Movement in loss for the year from US \$ 59,017 to US \$ 68,907 mainly because of the following:

- Increase in gross finance costs from US \$ 440,212 to US \$ 460,389 on account of higher average debt at US \$ 3,066,613 in current year as against US \$ 2,872,162 in the previous year. Of the total Interest cost, US \$ 240,579 relating to capital expansion projects was capitalised as compared with US \$ 274,243 in previous year.
- Decrease in finance income from US \$ 35,819 to US \$ 19,135 mainly on account of gain on currency option contract of US \$ 12,855 recognised in previous year in Sai Wardha and decrease in interest income from bank and other deposits of US \$ 4,750.
- Increase in tax income from US \$ 13,106 to US \$ 91,204 reflects recognition of significant Deferred tax asset at KSK Mahanadi on carry forward of losses on account of investment allowance available as per Income tax provisions.

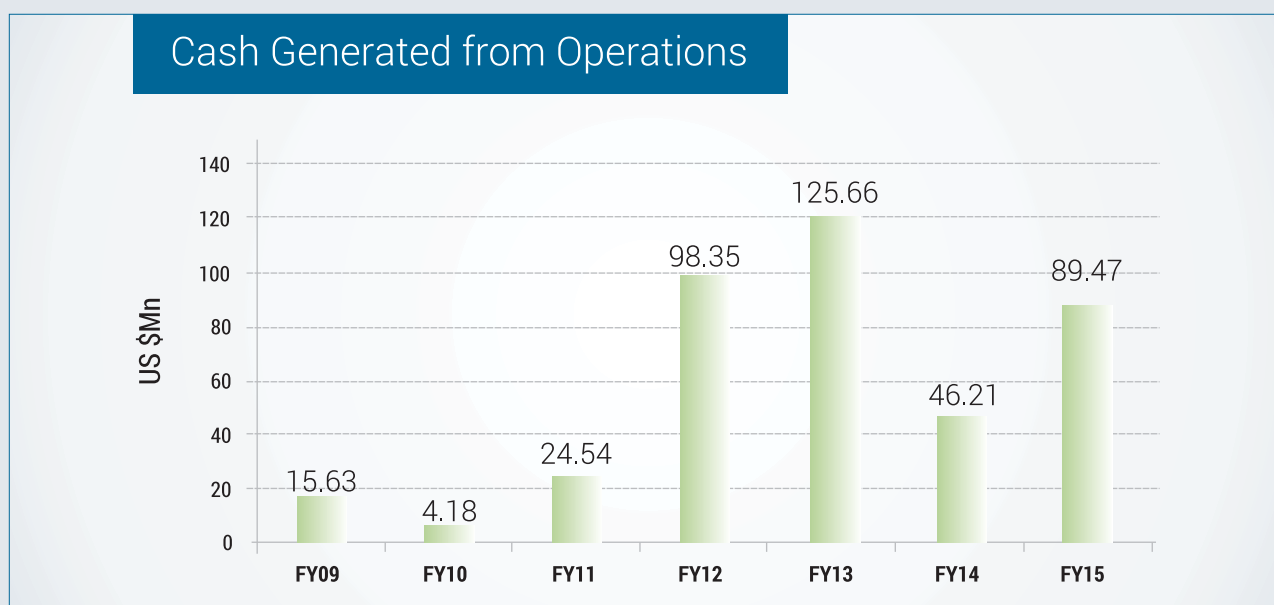
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Cash Flows

Particulars	March 2015	March 2014
Operating cash flow	123,536	100,398
Change in working capital assets and liabilities	(30,121)	(48,825)
Tax paid	(3,945)	(5,364)
Net cash generated from operating activities	89,470	46,209
Net cash used in investing activities	(233,595)	(7,739)
Net cash (used in) / provided by financing activities	135,488	(7,694)
Effects of exchange rate	(6,564)	(18,676)
Changes in cash and cash equivalents	(15,201)	12,100
Cash and cash equivalent - beginning of year	55,934	43,834
Cash and cash equivalent - end of year	40,733	55,934

KSK's operating cash flow increased from US \$ 100,398 in FY 2014 to US \$ 123,536 in FY 2015, an increase of US \$ 23,138. The increase is primarily driven by increase in operational activity of KSK Mahanadi and improved gross profit from power generation segment.

The following chart shows the year on year trend in cash generated from operations.



Net cash used in investing activities has increased from US \$ 7,739 to US \$ 233,595 largely on account of the following:

- Increased expenditure on capital expansions programme by US \$ 22,894.
- Cash paid for acquisition of additional 49% stake in Sai Lilagar amounting to US \$ 5,784.
- Liquidating of bank deposits given as collateral for borrowing, security for imports with customs and for making capital payments in previous year and there by resulting in realising lesser interest on the same.

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Movement in cash generated from financing activities from US \$ (7,694) to US \$ 135,488 largely on account of the following:

- Increase in the net proceeds from borrowings by US \$ 202,555 mainly on account of project debt for KSK Mahanadi and
- Increase on payment of finance cost amounting to US \$ 82,518.

Summary Balance Sheets

Particulars	March 2015	March 2014
Property, plant and equipment	3,456,914	3,215,282
Goodwill and other intangibles	12,188	20,245
Other non-current assets	364,086	289,729
Current assets	456,433	472,709
Assets held for sale	-	18,456
Total assets	4,289,621	4,016,421
Non-current liabilities	2,837,561	2,062,759
Current liabilities	898,959	1,352,933
Liabilities associated with assets held for sale	-	18,456
Total Liabilities	3,736,520	3,434,148
Total equity including non-controlling interests	553,101	582,273
Total equity and liabilities	4,289,621	4,016,421

Property, plant and equipment has increased by US \$ 241,632 in 2015, a 7.52% year on year growth, largely on account of continuous construction and development activities in KSK Mahanadi and associated infrastructure projects.

Goodwill and other intangibles decreased by 39.80% to US \$ 12,188, year on year mainly on account of business combination of Sai Lilagar and other amortisation for the year.

Movement in other non-current assets from US \$ 289,729 to US \$ 364,086 year on year basis, primarily as a result of the following:

- Incremental deferred tax assets amounting to US \$ 94,835 on carry forward of losses due to investment allowance available as per Income tax provision in KSK Mahanadi.
- Impact of business combination of Sai Lilagar resulting in incremental elimination of inter-company transactions of US \$ 15,383 and
- Liquidation of available for sale financial instruments and bank deposits by US \$ 6,561.

Current assets have decreased by US \$ 16,276 to US \$ 456,433 year on year basis, primarily as a result of the following:

- Impairment of coal recompense in Sai Wardha amounting to US \$ 24,590.
- Refund of security deposit given for procurement of coal and others amounting to US \$ 13,646.
- Advances given for procurement of coal in KSK Mahanadi and Sai Wardha of US \$ 17,771.

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Non-current liabilities have increased by US \$ 774,802 representing a 37.56% increase year on year basis, primarily due to the following:

- US \$ 778,670 increase in borrowings mainly on account change in repayment schedule of project borrowings in KSK Mahanadi and additional funds borrowed for continuous construction activities at KSK Mahanadi and associated infrastructure projects. However, the increase is offset to the certain extent on account of regular repayment of loans borrowed in operating companies.
- US \$ 2,150 decrease in deferred revenue on account of release to revenue.

Current liabilities have decreased by US \$ 453,974, representing 33.55% decrease year on year primarily driven by a decrease of US \$ 422,797 in borrowings mainly on account of change in repayment schedule of project borrowings in KSK Mahanadi and decrease of US \$ 30,870 in trade and other payables.

Total equity has decreased from US \$ 582,273 to US \$ 553,101 mainly on account of current year losses and translation loss. However, it has been offset to certain extent on account of proceeds out of Qualified Institutional Placement (QIP) in KSKEV (an Indian listed entity).

Equity and financing arrangements

During May 2014, c. £40 million of equity was raised by KSK Energy Ventures Limited ("KSKEV"), the Company's listed Indian subsidiary, through a Qualified Institutional Placement. Shareholders' approval was also obtained for Company to subscribe for up to 150 million warrants convertible into equivalent equity shares at KSKEV, enabling Company to revert back to the earlier held 74.94% interest in KSKEV. As at this date 10.95 million warrants have been exercised resulting in Company's shareholding in KSKEV increasing to 68.37 %.

The Company's main power plant initiative of KSK Mahanadi, based on an extended implementation timeline, as well as the need to reconcile the entire impact of INR/US\$ exchange rate depreciation as against INR 48/\$ originally envisaged, is now estimated to be completed with a total capital expenditure of US\$ 4.1 billion requiring US\$ 820 million of equity and US\$ 3.28 billion of project debt.

US\$ in millions	First 1200 MW + entire Balance of Plant	Second 1200 MW	Third 1200 MW	Total
Project debt	1,450	964	867	3,281
Project equity	276	288	259	823

The project expenditure incurred and balance to be incurred with estimated distribution amongst the three 1200 MW phases each is shown as follows:

US\$ in millions	First 1200 MW + entire Balance of Plant	Second 1200 MW	Third 1200 MW	Total
Project Cost (Estimated)	1,726	1,252	1,126	4,104
Already incurred	1,726	433	354	2,513
Yet to be incurred	-	819	772	1,591
Interest during construction (yet to be incurred)	-	117	157	274

05 | FINANCIAL REVIEW

Of the balance US\$ 1,591 million required for the capital expenditure program (c.US\$ 819 million for the next 1,200 MW and c.US\$ 772 million for the last 1,200 MW) until FY 2018, it is planned that initially undrawn debt already committed along, with associated equity, would be used to support project development.

Of the outstanding balance of US\$ 1,400 million for the remaining two phases of 1200 MW each, US\$ 1,120 million of project debt has, in principle, been agreed to be provided by the Non-Bank Institutions of the existing lenders consortium such as Power Finance Corporation and others and subject to certain regulatory approvals, are currently being pursued by project lenders. As regards the US\$ 280 million of additional equity, it has been agreed with the lenders that monthly internal accruals from the first 1,200 MW operating phase (after meeting fuel, operating and financing cost) would be made available towards sponsor equity.

In addition, the Company continues to evaluate proposals for further strategic funding through potential participation by the EPC Contractor, directly or indirectly, as well as strategic equity collaboration by other potential participants.

Going Concern

The Group business activities together with factors likely to affect its future development, performance and position are set out in the report. In addition note 31 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its hedging exposure to credit risk and liquidity risk.

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

As at 31 March 2015, the Group had net current liabilities of US \$ 442,526 and is depending on a continuation of both short term and long term debt financing facilities. Such financing is subject to covenant and amortisation conditions. The Group also has significant capital commitments at the year-end of which a portion is due to be met during the year to 31 March 2016, primarily in respect of on-going plant construction projects at KSK Mahanadi. The Group is also involved in a number of on-going legal and claim matters.

The Group continues to generate cash flows from current operations which are further expected to increase with the full load operation of two units of KSK Mahanadi plant and better plant load factor in Sai Wardha. These two factors are key assumptions with regard to management's forecasts and expectations. It is forecast that the transmission corridor constraint on KSK Mahanadi for the operation and sale of power from unit 2 and long term PPA arrangement for Sai Wardha will be in place shortly. Should there be further delays in these matters this may impact on the ability of the Group to generate the cash flows for current financing proposals being considered, described below.

In addition, a number of facilities that are due to expire at 31 March 2016 are in the process of being extended and have a rollover clause in a number of cases, and the Group may refinance and/or restructure certain short term borrowings into long term borrowings and will also consider alternative sources of financing, where applicable. The Directors are confident that facilities will remain available to the Group based on current trading, covenant compliance and ongoing discussions with the Groups primary lending consortium regarding future facilities and arrangements in respect of current borrowings.

The Group currently has significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately US \$ 710,417 to meet its long term investment programmes. However, the Group is currently in discussions

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with stakeholders regarding the terms of such existing drawn and undrawn financial commitments in order to match facilities to the current development and financing plans for KSK Mahanadi. These proposals require the regulatory consent of the Reserve Bank of India. Discussions with all stakeholders regarding such arrangements have been positive to date and the Groups lenders are supportive of proposed arrangements. Nonetheless, the Group monitors the situation on an on-going basis and plans alternative arrangements where necessary. The outcome of these discussions may impact on the timing of the strategic development of this plant.

As a consequence, the Directors have a reasonable expectation that the Company and Group are well placed to manage their business risks and continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting when preparing these financial statements.



Sai Wardha, Maharashtra

06 | PRINCIPAL RISKS AND UNCERTAINTIES

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

- Delays in Government decisions or implementation of earlier Government decisions along with continual inconsistencies in Government policies across departments and retrospective amendments to the existing policies or introduction of new policies;
- Delays in providing necessary regulatory support and / or dispensation as may be required for timely implementation of the financing plans;
- Deviation from approved Government policies and abuse of market dominance position by certain contractual counter parties;
- Shortage of fuel and dependence on market based or imported fuel which are subject to market vagaries and other uncertainties;
- Economic slowdown and negative sectoral outlook with resultant impact on banking sector delays in agreed project disbursements and timely availability of credit;
- Delays in enforcement of contractual rights or legal remedies with Government counter parties undertaking fuel supplies, power off take, transmission and open access amongst others;
- PPA Counter parties going contrary to pre-agreed understanding and seeking benefits from the power generators that are often in conflict with shareholder obligations to further the business;
- Unusual currency depreciation that adversely effects the cost of project imports, project implementation, and repayment obligations;
- Logistics bottlenecks and other infrastructure constraints of various agencies;
- Challenges in the development of support infrastructure for the power projects including physical hindrances and delay in the issue of permits and clearances associated with land acquisitions;
- Political and economic instability, global financial turmoil and the resultant fiscal and monetary policies as well as currency depreciation resulting in increasing cost structures; and
- Liquidity risk and project financing

The last three years were extremely challenging for the power sector in India in general and the Company in specific, as well. Nevertheless, the current year has witnessed resolution of a number of issues relating to various projects on account of the continued efforts of the Company's Management and active engagement with Government and various authorities thereto. However, a number of principal risks and uncertainties continue to affect the business, few of which are enumerated below.

06 | PRINCIPAL RISKS AND UNCERTAINTIES

a. Uncertainties in Regulatory Policy

Central and State Governments have set out broad defined policy objectives and regulatory framework for the sector. But due to non-coherent approach of the various regulatory and Government agencies in according required approvals/ clearances and adhoc policy revision has impacted the execution and operation of the projects.

Implication

It may result in delay in the projects and hence significant time and monetary costs to carry on business as a power developer with a constant see saw on the risk profile and prolonged uncertainties on efforts and development outcomes.

Mitigation

- Close hands on coordination between various Ministries and agencies of Government and addressing the same
- Policy paralysis and Government indecision to be countered with patient capital and innovative solutions while adhering to highest standards of transparency and integrity
- Address contradictions through consultative process failing which enforcement of legal remedies for decisive positions
- Healthy engagement with Government and local regulators to identify potential hazards upfront and develop an action plan

b. Uncertainties in Availability of Fuel

The Group has secured fuel arrangements for all its operational as well as under construction power projects. The fuel arrangements with Government agencies are valid for certain period and extended further for next term subject to renewal of the agreement. However, the Company witnessed significant disruptions in these arrangements on account of the cancellation of coal blocks held by such Fuel Supplier Corporation by the Supreme Court of India as well as subsequent Government action on tapering linkages.

Though it is normal practice followed by CIL/ GAIL and the agreements are usually extended for next term, but there is no such guarantee for the extension of the fuel supply agreements. There is a risk that CIL may decline the extension, change the annual supply quantity and quality and/ or increase the fuel price.

Implication

The non-availability of fuel will impact the operation of power plants and our power supply commitments under PPAs. Any reduction in quantity or quality of fuel and increase in fuel price will adversely affect the profitability of the power plants.

Mitigation

- PPAs on CERC basis with fuel cost pass through arrangement
- PPAs on bid basis with necessary escalable components in the tariff
- Arrangement with multiple suppliers and reducing dependability on single fuel supplier
- Close hands on coordination between various ministries and agencies of government and addressing the same

06 | PRINCIPAL RISKS AND UNCERTAINTIES

c. PPA Related - Customer Concentration

The Company is dependent on a small number of customers to supply its output and derive its revenue and profitability.

Implication

Power Purchase Agreements (PPAs) are the fundamental basis of the off take arrangements and often signed ahead of the time, before project construction completion and hence are based on certain underlying assumptions and principles with respect to project. If counter parties don't perform contractual obligations or choose to engage in continuous litigation, it puts tremendous strain on the Company resources, cash flows and the operating cycles.

Mitigation

- Attempt to capture appropriate language remedies for PPA administration and continuous customer interactions for mutual problem addressal
- Resort to arbitral / judicial remedies wherever contractual non-performance or significant overdue positions are getting built
- Seek performance securities and regulatory directions for enforcement of contractual obligations

d. Non - Availability of Support Infrastructure

The continuous and efficient operation of power projects also depends on the support infrastructure facilities, in addition to power plant block.

The support infrastructure facilities like water supply system, rail logistic system for coal transport etc, are not limited to the power plant boundary, but are imperative for the operation of power plant.

Implication

The risk of non-availability of these support infrastructure facilities, even for short period also, may adversely impact the operation of the power plant and its power supply commitments under PPAs.

Mitigation

- Close monitoring of these facilities
- Highly skilled and specialised manpower dedicated for these facilities
- Additional water reservoir and coal stockyard inside the power plant area, so that any sudden breakdown of support facilities shall not affect the operation of the power plant

e. Currency Fluctuations

Between 2009 and 2015, the Indian rupee depreciated by 33% against US dollar from Rs 48 / US\$ to Rs 65/US\$. Though the recent economic and political developments in the country indicate potential improvement in exchange rate on the back of manufacturing initiative, there is no such guarantee and Indian currency may further depreciate.

06 | PRINCIPAL RISKS AND UNCERTAINTIES

Implication

KSK has executed partially foreign currency denominated EPC contract for its 3600 MW under construction thermal power project in Chhattisgarh. In addition to it, the Group is also exposed to currency risk as availed foreign currency denominated loans for its projects.

Adverse fluctuations in the exchange rate of such foreign currencies may have significant impact on our cash flows and financial results.

Mitigation

- Appropriate currency hedging instruments
- Seeking Foreign Currency Loans as natural hedge against such currency payments on project imports

f. Cost & Time overrun of Projects under construction

The Group is in active implementation of 3600 MW coal based Power plant in Chhattisgarh. The commissioning of the project has been delayed due to several exogenous factors such as extended monsoons, local issues, delay in permits and clearances from government agencies.

The timely execution of the project is also dependent on the fulfilment of contractual obligations of EPC contractors.

The project cost has experienced increase amongst other factors due to delay in commissioning of the project. In addition to above factors, the depreciation of Indian rupee against foreign currencies has added to the cost overrun. There is no guarantee that Project may not get delayed further and the risk of further cost and time overrun of the project exists.

Implication

The 3600 MW power project being the largest project of Group's portfolio, the cost and time overrun in the project, may put significant strain on Group's resources - financial, manpower and others, often resulting in significant loss of opportunity, higher financing costs and other losses. The increased project cost may reduce the profitability of the project.

Mitigation

- Close monitoring of the project teams through Project Management Group and active contractor engagement to address issues
- Risk of overruns mitigated through Turnkey EPC contracts of Lumpsum Turnkey basis for the major part of the project scope
- Key concerns addressed through periodic review meetings of top management teams at site and head offices
- Hands on stakeholder engagement to iron out policy inconsistencies, bureaucratic lethargy and red tape

g. Liquidity Risks for Incremental capital expenditure and Future growth

3600 MW power project, the largest project of KSK Group, is in advanced stage of construction and being capital intensive, has significant funding requirement. There is risk of non-availability of fund for capital expenditure of ongoing and new projects as well as continuous working capital requirement for operational projects.

Implication

It may impact the execution of under construction project, as well the uncertainties on efforts and development outcomes.

06 | PRINCIPAL RISKS AND UNCERTAINTIES

Mitigation

- Each of the projects is being developed as a separate SPV and has separate set of Project Term Lenders and working capital lenders. The servicing of these ongoing facilities is met by the operational cash flows of respective projects.
- The Group attempts to maintain a healthy liquidity position through a combination of financing and internal cash accruals from operating projects
- Closely working with capital provider community for continuous access to fund - spectrum of banks, insurance companies, pension funds and capital market.

h. Socio-Economic- Political uncertainties

The Group operates multiple power projects in various locations, each with its own set of circumstances, challenges, cultures and local activism levels.

Any adverse monetary and fiscal changes may result in higher operating and financial cost and put strain on the cash flows of the projects.

Any change of Government in Centre and respective States may raise the risk of ad-hoc changes in policies, the basic premises on which projects were envisaged.

Implication

Since all projects are in remote locations, often closer to potential fuel sources, each of the project sites is faced with unique challenges on local people expectation, community and political under currents, environmental and other activisms. Also concerns of local residents about health, safety, pollution and other hazards.

Adverse monetary and fiscal changes like withdrawal of tax incentives or increase in interest rates will reduce the profitability of the projects.

Mitigation

- The Company management emphasis on active stake holder engagement, corporate social responsibility initiatives and continual consultation and engagement programs
- Formal policy on health and safety accompanied by regular review
- Equipment and tools to monitor emissions from plants and compliances
- Working with local communities, leaders for review of challenges and solutions to address the same
- Close hands on coordination between various ministries and agencies of government and addressing the same.
- Close monitoring of the various incentive regimes and ensuring timely adherence to specifications / norms where timelines are of essence
- Representation to respective ministries / resort to legal remedies where inequitable levies / withdrawals were made by the concerned Government / Government authority
- Continuously monitor impact and wherever agreed and applicable pass on the same through tariff mechanism to power consumers

07 | SUSTAINABILITY INITIATIVES

Sustainability initiatives continue to be essential ingredient of KSK's Business policy and the Group embraces this responsibility that comes along with the opportunity of operating across various locations in multiple Indian states. Towards this direction, our commitment to community moves beyond the requirement of social license to operate and to a far noble theme of **"Bringing Dignity to Life..."** as part of 'giving back to society' to support and initiate projects that provide sustainable solutions to the most pressing social challenges for the affected communities.

The Group's effort in tertiary healthcare with cardiac facility at Raipur, where services are offered free of charge to all stakeholders, has experienced certain milestones during the year and subsequent period thereof as summarised below:

- Over thousands of outpatient cardiac consultations with 1000+ state of art cardiac surgeries performed free of cost by June 2015 (compared to 400 surgeries as in the last year).
- Department of Paediatric Heart Care initiated with Foetal cardiology services initiated in June 2014 and collaboration of the Hospital with **Healing Little Hearts, UK** (a charity organization) has been initiated resulting in visits by senior paediatric cardiac ICU teams and participation thereafter.
- The Hospital has been conferred the **"Dhanwantri Samman Award 2015"** for being **'The Best Hospital'** in the states of Chhattisgarh, Madhya Pradesh and Maharashtra.

KSK Mahanadi and the support infrastructure projects in the state of Chhattisgarh continue to be involved with the above Sanjeevani Hospital project and more importantly endeavour to facilitate and strengthen the existing setup of multiple primary medical care facilities across locations in the state of Chhattisgarh to create public goodwill for a harmonious construct and delivery of comprehensive medical care for the surrounding communities.

The Group's sustainability initiatives towards community are essentially focused on five thrust areas; Education, Health, Socio-economic empowerment, infrastructure development and cultural and social contribution.

Promoting Quality Education

Providing emphasis to primary education is our objective and some of the corresponding activities to achieve the desired objective are conducting of sports activities in and providing furniture & fixtures to schools. The following activities were implemented by our teams at various sites:





- Provided 14 teachers in Govt. schools of Champa and Janjgir Districts.
- Provided Scholarship to 1 Engineering student in Chhattisgarh and 30 students in Nalagonda Dist, Telangana.
- Provided Bus facility for school children from 4 villages near Sai Wardha Power plant. Approximately 295 children are utilising the facility.
- Repair of pipelines and hand pump in schools at Gurha, Bikaner.

Building Healthier Communities

KSK has three models of health care delivery for its neighbouring communities. While mobile clinic model provides preventive services at the door step of the client, mega camp model seeks to address major health concerns of the community and clinic facility for the community to address the health needs. The following interventions were implemented and conducted by focusing on the above models and the outcomes are as follows:

- 191 regular health camps and 11 mega health camps have been organised where medication was provided free of cost benefitting 7,980 patients in and around villages of KSK Mahanadi Power project.
- Primary clinic facility at Sai Wardha Project site has registered 4,708 Patients for primary health medication.
- Provided Emergency Ambulance services to 419 patients.
- Kits for New baby girls born were distributed under our Laadli campaign at Gram Panchayat of Gurha village.

Facilitating Socio-economic Empowerment

The group believes that socio-economic empowerment of our communities alone can help us ensure sustainability of the development that we undertake. We are deeply committed to enhancing individual assets & capabilities and strengthen community collectives, where we operate.

- Financial support to 8 women with disability for taking up income generation activity was implemented at Dongakohroud Village in Chhattisgarh.
- Educating youth in rain water harvesting pit construction and a sample water harvesting pit constructed in Samorkhi Village, Bikaner.
- Gas Safety programme for women groups at Mohabala Village, Maharashtra.

07 | SUSTAINABILITY INITIATIVES

Developing Community Infrastructure

We are committed to developing/renewing common property resources that are critical for rural economy. The group is also committed to developing infrastructural facilities that improve community's access to basic services and livelihood opportunities.

The following are the achievements in this sector during the year and the details are as follows:

- 7 over head water tanks were constructed with a capacity of 100 thousand litres capacity each in 7 villages around KSK Mahanadi Plant.
- 996 Mtrs concrete road constructions were taken up at various locations around KSK Mahanadi Plant, along with WBM road work at Kendriya Vidyalaya, Janjgir - Champa District.
- Shifting of HT lines in market area of Lailunga town, Raigarh Dist.,

Fostering Culture and Social contribution

The group proactively seeks to deepen its relationship with local communities. Building relationship for us is sharing and being part of the joys and sorrows of our communities. Thus we support village festivals, sports & games events, besides extending helping hand in the hour of need. The outcome during the year is as follows:

- Support to Kabir Das Jayanti Samaroh at Amora Village, Janjgir District.
- Support to communities for religious activities such as Yatras, Durga pooja etc.,
- Support to sports events organised by local youth groups.
- Donating water coolers and repairing of submersible pumps on adhoc requests from the community.
- Supported District Administration in organizing Tricycle distribution camp and celebrating Armed Forces Flag Day.
- Sponsorship for Republic day celebrations & International Camel Festival and local cricketing events.

Moving forward, the Group intends to follow the new statutory stipulations as applicable in addition to marshalling additional resources for dedicated pursuit of these various initiatives, the Group intends to learn from the experiences of various other specialist agencies in the areas of community development and support to undertake initiatives that contribute to build a better and environmentally sustainable way of life for all stake-holders including consumers, shareholders, employees, local community and society at large to contribute to the sustainability of those communities.



08 | BOARD OF DIRECTORS



T. L. Sankar

Non-Executive Chairman

Mr. T. L. Sankar was appointed as the Chairman (Non-Executive) of the Company in October, 2006. Mr. T. L. Sankar is renowned in India as an energy expert, having received the Padma Bhushan title in India and has more than four decades of experience in the sector, including Secretary of the Fuel Policy Committee (1970-75), Principal Secretary of the Working Group on Energy Policy (1978-79), as a member of the Advisory Board on Energy, Government of India and as a member of the Integrated Energy Policy Committee. Mr. Sankar also served as the Chairman of the Andhra Pradesh State Electricity Board, the state power utility in southern India. Currently, Mr. Sankar is the Chairman of the Expert Committee for the comprehensive review and recommendation of a road map for the coal sector in India. He has also served the United Nations as an adviser on energy issues to the Governments of Sri Lanka, Tanzania, Jamaica, North Korea and Bangladesh and has headed the Asian Development Bank's Asian Energy Survey.



S. R. Iyer

Non-Executive Director

Mr. Iyer was appointed as a Director (Non-Executive) of the Company in October, 2006. He is the former and first Executive Chairman of Credit Information Bureau (India) Limited initially promoted by the State Bank of India & HDFC Limited. Mr. Iyer has vast knowledge and rich experience in the banking industry. He was earlier the Managing Director of State Bank of Mysore and the Managing Director of the State Bank of India (SBI). He had been a Director on the Boards of all the Associate Banks of SBI and also on the Boards of two overseas and six domestic subsidiaries of SBI. He has also served as a Director of National Stock Exchange of India Limited and GE Capital Business Process Management Services Private Limited. Mr. Iyer is presently associated as an independent Director with various companies and with the National Dairy Development Board as a Member of its Investment Committee and with Aditya Birla Finance Ltd as the chairman of its Infrastructure Finance Credit Committee.



Vladimír Dlouhý

Non-Executive Director

Mr. Dlouhý was appointed as a Director (Non-Executive) of the Company in August 2009. Mr. Dlouhý studied mathematical economics and econometrics at School of Economics and at Charles University in Prague, later completing MBA studies at Catholic University in Leuven (Belgium). He started his professional career as University lecturer, and in 1983 moved to the Czechoslovak Academy of Sciences as a researcher, later as Deputy Director of the Forecasting Institute. In 1989 he was invited to join the first post-communist government and until 1992 served as Minister of Economy of Czechoslovakia and after the split of the country served as First Minister of Industry and Trade of the Czech Republic till June 1997. Since his departure from politics in 1997, he joined Goldman Sachs as an International Advisor for Central and Eastern Europe; between 1997 and 2010, in similar capacity, he advised to ABB Chairman of the Advisory Board, Chayton Capital, London, UK and served as Dy Chairman, European Group, the Trilateral Commission.

08 | BOARD OF DIRECTORS



Abhay Nalawade

Non-Executive Director

Mr. Nalawade was appointed as a Director (Non- Executive) of the Company in August 2011. Mr. Nalawade has more than three decades of experience in energy sector and served as CEO and Managing Director of Thermax Limited, a major corporation in the energy and environment field. Mr. Nalawade is a graduate in Physics with Masters in Business Administration (MBA) from Pune University and Management Development Program from the Harvard Business School. He is currently the Founder & Managing Director of EcoAxis Systems Private Limited which has created a Machine - to - Machine (M2M) communication platform for continuous remote monitoring and analytics for industrial equipment, energy, water & waste water systems and CDM projects.



Keith Nicholas Henry

Non-Executive Director

Mr. Keith Nicholas Henry has had a long and successful career in the global power and energy sectors. He has run large private and publicly listed companies that successfully established major assets in both developed and emerging markets. Mr. Keith was Chief Executive of National Power plc, a FTSE100 company, International Power, Brown & Root Ltd, and Kvaerner Engineering & Construction Ltd.

As a Non-Executive Director, Mr. Keith has served on the main board of many listed companies, including the roles of Chairman of Burren Energy plc, Helius Energy plc and Petrojarl ASA; the Senior Independent Director of Emerald Energy plc; and Non-Executive Director of First Calgary Petroleum Ltd and Enterprise Oil plc. He is currently Chairman of Regal Petroleum plc and Greenko Group plc.



K. A. Sastry

Executive Director

Mr. Sastry was appointed as a Director (Executive) of the Company in October 2006. He is a Chartered Accountant and leads the project execution & operations activities of the business in addition to being responsible for financial accounting, taxation and human resources functions of KSK. Prior to incorporating KSK, Mr. Sastry had more than a decade of extensive experience in the domains of financial consulting, audit, company law and foreign investment regulations.



S. Kishore
Executive Director

Mr. Kishore was appointed as a Director (Executive) of the Company in October 2006. He is a Chartered Accountant and leads the Business Development & Capital formation (both Equity and Debt) initiatives of the Group and has been instrumental along with Mr. Sastry in the rapid growth of KSK over the last decade. Prior to incorporating KSK, Mr. Kishore was a financial advisor & consultant for major domestic as well as international businesses in emerging technology areas and importantly has advised multiple energy companies/ utilities/ market entrants since the early nineties. Mr. Kishore has been additionally associated with various reforms and regulatory initiatives of the Government and has served in various committees.



KSK Mahanadi, Chhattisgarh



Sai Wardha, Maharashtra

The Directors of KSK Power Ventur plc have pleasure in presenting this Directors' Report along with the audited financial statements of the Company and of the Group for the year ended 31 March 2015.

Business Review

KSK Power Ventur plc, through its subsidiaries, engages in the development, ownership, operation and maintenance of power generation assets primarily in India. The Company develops and operates coal, gas, lignite and solar based power plants, as well as hydroelectric power plants. The Group's current operating capacity is approximately 2,072 MW and is actively involved in construction of the remaining 4 units of 3,600 MW greenfield thermal project. Additionally, the Group has a growing portfolio of planned projects across the fuel spectrum. The Group is also involved in various infrastructure development and operational projects that support the power plant initiatives.

A full review of the Group's activities during 2014-15 can be found in the following sections of this Annual Report.

- Chairman's Statement
- Market Overview
- Operations Review and Financial Review
- Principal Risks and Uncertainties
- Sustainability Initiatives

Group Structure

The Company currently conducts its business through the following major subsidiaries:

- KSK Energy Limited - holds the principal investments in the Indian business;
- KSK Energy Ventures Limited - an Indian subsidiary listed on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) that has an attractive portfolio of power generation assets across various phases of operation, construction, development and planning. KSK Energy Ventures has a wide shareholder base consisting of large institutional investors, mutual funds, insurance companies, foreign institutional investors, retail investors and others;
- KSK Energy Company Private Limited - an Indian unlisted indirect subsidiary, that manages the ancillary businesses that support the power plant operations;
- KSK Power Holdings Limited - 100% indirect subsidiary looking at various new initiatives of the Group.

Corporate Governance

A report on Corporate Governance is set out elsewhere in the Annual Report.

Results and Dividends

The results for the year ended 31st March 2015 are set out in the attached financial statements. The Directors do not recommend the payment of dividend for the year 2014-15.

Purchase of Own Shares

The authority to purchase its own shares upto a total aggregate value of 10% of the issued ordinary share capital of the

Company was renewed by a resolution at its Annual General Meeting held on 30 September 2014. It is proposed that a similar authority would be taken up for renewal at the ensuing AGM. No purchase of shares by the Company has occurred during the year ended 31 March 2015.

Share Capital

The total number of Ordinary Shares with voting rights in the Company is 175,308,600.

Directors

The Directors that served on the Company Board during the year were:

- T.L. Sankar
- S.R. Iyer
- Vladimir Dlouhy
- Abhay Mahadeo Nalawade
- K.A. Sastry
- S. Kishore
- Keith Nicholas Henry
- Guy Delemere Lafferty (resigned 3rd November 2014)

The biographies of the Directors are set out in the Annual Report.

Mr. Guy Lafferty resigned as a non-executive director of the Company with effect from 3rd November, 2014. The Company is considering further additions with relevant experience and expertise in energy sector to the Company's Board.

Indemnity for Directors

Subject to the Isle of Man Companies Acts 1931 to 2004, but without prejudice to any indemnity to which a director may otherwise be entitled, every director shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by the Director in the actual or purported execution of his/her duties. The Group has a Directors and Officers liability insurance policy in place.

Re-election of Directors

In accordance with the Articles of Association of the Company, at the next Annual General Meeting of the Company Mr. T. L. Sankar and Mr. K. A. Sastry retire by rotation and being eligible, offer themselves for re-election.

Biographical details for Mr. T. L. Sankar and Mr. K. A. Sastry are set out in this report.

Board Committees

Information on the Audit Committee, Nomination Committee and Remuneration Committee is included in the Corporate Governance section of the Annual Report.

Directors and their Interest in the Shares of the Company

The Directors interest in shares of the Company is through their respective interest in Sayi Energy Ventur Limited which currently holds 106,336,750 ordinary shares of £0.001 each in the issued share capital of the Company. Mr. S. Kishore and Mr. K.A. Sastry, Executive Directors of the Company are also Directors of Sayi Energy Ventur Limited.

Capital Structure and Significant Shareholders

As at the date of this Report, there were 175,308,600 ordinary shares of the Company that were issued and fully paid. Major interests in the share capital of the Company, i.e. in excess of 3 per cent, as of the date of this Report are as follows:

Shareholder	Number of Ordinary Shares	Percentage of Ordinary Shares
Sayi Energy Ventur Limited	106,336,750	60.66
M&G Investment Management	35,044,189	19.99
Aberdeen Asset Managers	9,072,682	5.18
Universities Superannuation Scheme	6,574,424	3.75
Legal & General Investment Management	6,231,154	3.55
JP Morgan Private Wealth Management	5,369,236	3.06

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements in accordance with the applicable laws and regulations. The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether they have prepared in accordance with International Financial Reporting Standards; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safe guard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The legislation governing the preparation and dissemination of Financial Statements may differ from one jurisdiction to another.

Directors' Responsibility Statement pursuant to Disclosure and Transparency Rule 4.1.12

- (a) the financial statement, which are prepared in accordance with International Financial Reporting Standards give a true and fair view of the consolidated assets, liabilities, financial position and profit or loss of the Group;
- (b) the Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face;

Internal Control and Risk Management Systems

The Board has the ultimate responsibility for the Group's internal control and risk management systems. The Audit Committee monitors internal controls and risk management systems on an annual basis.

Auditors

Our Auditors, KPMG Audit LLC being eligible, have expressed their willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act, 1982. A resolution proposing their re-appointment will be tabled at the forthcoming Annual General Meeting.

Post Balance Sheet Events

KSK Energy Ventures Limited ("KSKEV"), the equity shares of which are listed and traded on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE"), has issued and allotted 1,736,580 equity shares of INR 10/- each by conversion of equal number of warrants issued at INR 99 per equity share aggregating to INR 171,921,420 (being the equivalent of US\$ 2,734,990) net to KSK Power Holdings Limited.

Going Concern

The Directors are confident that the Group has adequate financial resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the financial statements.

The Group business activities together with factors likely to affect its future development, performance and position are set out in the report. In addition note 31 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its hedging exposure to credit risk and liquidity risk.

The Group's forecast and projections, taking in to account reasonable possible changes in trading performance shows that the Group has sufficient financial resources, together with assets that are expected to generate free cash flow to the Group. As a consequence, the Directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks and continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting when preparing these financial statements.

Further details on going concern are provided in Financial Review section of the Report.

Approved by the Board of Directors

T. L. Sankar

Non Executive Chairman

The Company has two Executive Directors and five Non-Executive Directors. Since the Executive Directors of the Company do not draw any remuneration from the Company, the provisions of the UK Corporate Governance Code in respect of the Directors' remuneration are not relevant, except in so far as they relate specifically to the Non-Executive Directors.

The Company believes that the levels of remuneration should be sufficient to attract, retain and motivate directors and senior management of the quality required to run the Company successfully.

The Company has a Remuneration Committee comprising of Mr. Vladimir Dlouhy (Chairman), Mr. T. L. Sankar, Mr. S. R. Iyer and Mr. Abhay Nalawade.

Directors' Remuneration

Details of the Directors' fees paid were as follows:

Director	Annual Director's fees for year ended 31 March 2015 (Amount in USD)	Annual Director's fees for year ended 31 March 2014 (Amount in USD)
Mr. T. L. Sankar (Non-Executive Chairman)	50,000	50,000
Mr. Vladimir Dlouhy (Non-Executive Director)	50,000	50,000
Mr. S. R. Iyer (Non-Executive Director)	50,000	50,000
Mr. Abhay Nalawade (Non-Executive Director)	50,000	50,000
Mr. Keith N Henry ¹ (Non-Executive Director)	50,000	4,167
Mr. Guy D Lafferty ¹ (Non-Executive Director)	29,167	4,167
Mr. K. A. Sastry (Executive Director)*	NIL	NIL
Mr. S. Kishore (Executive Director)*	NIL	NIL

Each Non - Executive Director is entitled to the reimbursement of necessary travel and other expenses

¹ Mr. Henry and Mr. Lafferty were appointed as members of the Board on 1st March 2014. Mr. Lafferty resigned from the Company on the 3rd November 2014.

* While the Executive Directors do not draw any remuneration from the Company, they draw remuneration from KSK Energy Ventures Limited (KSKEV), the Indian Listed subsidiary as detailed below:

Director	Indian Rupees	Equivalent USD*
Mr. K. A. Sastry (Executive Director)	8,400,000	137,311
Mr. S. Kishore (Executive Director)	8,400,000	137,311

No commission has been paid to the Directors during the period under review.

Scope of Remuneration Committee

- determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chief Executive Officer, the executive directors, and other members of the executive management review the ongoing appropriateness and relevance of the remuneration policy.
- approve the design of and determine targets for any performance related pay schemes operated by the Company and

approve the total annual payments made under such schemes

- review the design of all share incentive plans for approval by the Board and shareholders
- review and note annually the remuneration trends across the Company or Group
- oversee any major changes in employee benefits structures throughout the Company or Group

Share Options

The Company has adopted a performance share plan known as KSK Power 2010 Performance Share Plan.

The Company has entered into a service contract with Mr. Henry with a monthly remuneration of USD 6,000. Further, Mr. Henry is entitled to subscribe for 350,000 options of the shares of the Company (1/3rd every year over the three years starting from 1st March, 2015) at strike price of 130p per share, to be provided under the KDESCP 2010 plan approved by the Board in 2010.

Directors' Beneficial Interest in Shares

The Directors interest in shares of the Company is through their respective interest in Sayi Energy Ventur Limited as Mr. S.Kishore and Mr. K.A. Sastry, Executive Directors of the Company are also directors of Sayi Energy Ventur Limited.

Share Price Information

High for the year - 163.16P

Low for the year - 42.00 P

Close for the year - 43.00P

Pension Schemes

No pension schemes exist in the Company.

Service Contracts

The Company has not entered into any service contracts with the Executive Directors, Mr. K. A. Sastry and Mr. S. Kishore and their appointments are regulated as per the terms of the letters of appointments which provides that the appointments are for a period of three years starting 20th August 2012 and are subject to termination upon six months' notice by either party.

Mr. Sastry and Mr Kishore are also the Full-time Directors of KSKEV and have entered service agreements which provides for the terms relating to the payment of salary and other individual terms. Effective 1st April 2015, Mr. Sastry and Mr. Kishore are each entitled to a salary not exceeding INR 750,000 per month, inclusive of all perquisites that may be paid or provided as per the policy of KSKEV. They are eligible for commission not exceeding 1.5% of the net profits of KSKEV in accordance with provisions of the Indian Companies Act.

In view of the non-executive role of the other five Directors, Mr. Sankar, Mr. Iyer, Mr. Dlouhy, Mr. Nalawade, and Mr. Henry, there are no service contracts between the Company and the Non-Executive Directors. Each of the Non-Executive Directors were appointed by letters of appointment which sets out the main terms of their appointment and are subject to termination upon three months' notice by either party.

The Company believes that maintaining highest standards of Corporate Governance is the key to achieving long term success and consolidation. Effective management is the result of good governing practices. The Company supports the highest standards of Corporate Governance and is committed to ensuring that the highest level of governance is achieved.

The Company's objective remains to create long-term value for shareholders. The Board governs the Group consistently with our business strategy and commitment to a transparent and high quality governance system. Corporate Governance is a synonym for sound management, transparency and disclosure.

It is the Company's belief that corporate governance policies and practices and its periodic review need to be tailored to the size and maturity of the organization. On the voluntary initiative of the Board of Directors, the Company is in substantial compliance with all of the material aspects of the UK Corporate Governance Code (the "Code"). The Company has an effective Board with robust and effective governance policies in place.

Composition of Board of Directors and Board Balance

The Board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed. The directors' role is to balance performance and compliance by ensuring that management's actions are consistent with corporate strategy, reflective of the culture of the business and in line with the organization's risk tolerance.

The Board currently comprises of seven directors including an independent Non-Executive Chairman, four Independent Non-Executive Directors and two Executive Directors. The brief biographies of the Directors are given under the head 'Board of Directors' elsewhere in this Annual Report.

- T.L. Sankar
- S.R. Iyer
- Vladimir Dlouhy
- Abhay M Nalawade
- Keith N Henry
- K.A. Sastry
- S. Kishore
- Guy D Lafferty (upto 3rd November 2014)

The Board believes it is an effective board that is collectively responsible for the success of the Company and its composition is appropriate for an effective listed company.

Board Meetings

The core activities of the Board are carried out in scheduled meetings of the Board and its Committees. The meetings are held as per the corporate calendar circulated in advance and in addition to the Board meetings, regular conference calls are arranged to apprise the Board of latest developments and also to consider any other matters which require boards attention and decision.

Directors' Attendance at Board and Board Committee Meetings

The Board periodically meets and had in total four meetings during the year. The Board is pleased with the high level of attendance and participation of both Executive and Non-Executive directors at the meetings.

In addition to formal meetings of the Board, the Executive Directors maintained frequent verbal and written communication with the Non-Executive Chairman and other Non-Executive Directors to discuss any issues of concern they may have relating to the Group or their areas of responsibility and to keep them fully briefed on the Group's operation. Additionally, as a practice the Non-Executive Chairman has independent discussion with the other Non-Executive Directors, without the presence of executive directors, on the business and any issues related thereto.

The Board also receives regular updates from management on the performance of the business against the agreed strategy and on its operations.

The table below sets out the attendance record of each director at scheduled Board and Board Committee meetings during 2014-15.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Meetings held during 2014-15	4	3	2	2
	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Mr. T. L. Sankar	4	3	2	2
Mr. S. R. Iyer	4	3	2	2
Mr. Vladimir Dlouhy	4	3	2	2
Mr. Abhay Nalawade	4	3	2	n/a
Mr. K. A. Sastry	4	n/a	n/a	n/a
Mr. S. Kishore	4	n/a	n/a	n/a
Mr. Keith N Henry	4	n/a	n/a	n/a
Mr. Guy D Lafferty	1*	n/a	n/a	n/a

n/a not applicable (where a director is not a member of the committee).

* Mr. Guy D Lafferty was appointed as member of the Board on 1st March 2014. He has resigned as Director on 3rd November 2014. The number of meetings he attended is stated upto that date.

Role of the Board

The Board of Directors is collectively responsible for long term success of the Company and has ultimate responsibility for the management, direction and performance of the Group and its businesses. The Directors are responsible for the Group's and the Company's system of internal financial control, safeguarding the assets of the Group and the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure that the ongoing financial performance is monitored in a timely and corrective manner and risk is identified as early as practicably possible. Clearlines of authority, responsibility and financial accounting exist between the relevant heads of department and the Directors.

The Directors review the effectiveness of the system of internal control. Given the organization structure and material business through subsidiaries, such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board meets regularly during the course of the year to review trading performance and budgets, funding, to set and monitor strategy, examine acquisition opportunities and report to shareholders. The Board has a formal schedule of matters specifically reserved to it for decisions.

The roles of the Chairman and the Executive Directors are separate, and their responsibilities are independently defined. It is the Chairman's responsibility to ensure that the Board is provided with accurate, timely and clear information in relation to the Group and its business.

Reserved Matters

Schedules of matters are reserved for the decisions by the Board. Among them, following are the key matters reserved for their decision:

- Business strategy
- Specific risk management policies including insurance, hedging, borrowing limits and corporate security
- Agreement of codes of ethics and business practices
- Annual assessment of significant risks and effectiveness of internal controls
- Contracts not in the ordinary course of business
- Raising new capital and confirmation of major financing facilities
- Treasury policies including foreign currency and interest rate exposure
- Final approval of annual and interim reports and accounts and accounting policies
- Approval and recommendation of dividends
- Approval of press releases concerning matters decided by the board
- Allotment, calls or forfeiture of shares
- Prosecution, defence or settlement of any litigation being material to the interests of the Company

Subsidiary Board Structure

The Company operates its power generation business in India through KSK Energy Ventures Limited ("KSKEV"), whose shares are listed on the National Stock Exchange of India Limited and BSE Limited. KSKEV has its own board with 4 of the Company Directors, Independent directors, respective committees that undertake all subsidiaries corporate governance requirements and complies with Indian listing requirements. Additionally, such independent directors also sit on the boards of all material non-listed subsidiaries of KSKEV.

Non-Executive Directors

A board needs to make timely strategic decisions, to ensure operations are in line with strategy; to ensure the integrity of financial information and the robustness of financial and other controls; to oversee the management of risk and review the effectiveness of risk management processes and to ensure that the right people are in place.

Non-Executive directors are expected to provide an effective monitoring role and to provide help and advice as a sounding board for the Executive directors. All this is in the long term interests of the company and should be based on the optimum level of information, through smooth processes, by people with the right skills mix and in a constructive manner.

Mr. S.R. Iyer is the Board's existing senior Independent director. A senior Independent director is appointed to provide a sounding Board for the chairman and to serve as an intermediary for the other directors when necessary. The senior Independent director is required to be available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or other Executive directors has failed to resolve or for which such contact is inappropriate.

Professional Advice

Each Committee and each Director has the authority to seek independent professional advice where necessary to discharge their respective duties in each case at the Company's expense.

The Company Secretary is Richard Vanderplank who is retained on a consultancy basis. He is available to Directors and is responsible for the Board complying with Isle of Man procedures.

Share Dealing Code

The Company has adopted a share dealing code which is based on the Model Code for Directors dealings contained in the Listing Rules.

Board Committees

Audit, Remuneration and Nomination Committees are the three committees constituted by the Board with their terms of reference clearly defined. Each Committee consists only of Independent Non-Executive Directors and has terms of reference under which authority is delegated by the Board.

Audit Committee

The Company's Audit Committee comprises of the Non-Executive Directors, being Mr. S. R. Iyer (Chair), Mr. T. L. Sankar, Mr. Vladimir Dlouhy and Mr. Abhay Nalawade.

The Audit Committee is responsible for a wide range of financial matters and will meet at least three times a year. It monitors the controls that are in place to ensure the integrity of the financial information reported to shareholders including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance.

The Audit Committee also oversees the relationship with the external auditor, reviews the scope and results of audits and provides a forum for reporting by the Group's auditors.

The Audit Committee also focuses on compliance with legal requirements, accounting standards and the Listing Rules and the Disclosure and Transparency Rules including reviewing the summary of financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature, and ensures that an effective system of internal control and risk management systems are maintained.

The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports nevertheless remains with the Board. The Executive Directors attend meetings of the Audit Committee through invitation.

Remuneration Committee

The Company's Remuneration Committee comprises of the Non-Executive Directors being Mr. Vladimir Dlouhy (Chair), Mr. T. L. Sankar, Mr. S. R. Iyer and Mr. Abhay Nalawade. The Remuneration Committee will meet at least twice a year, considers remuneration policy and the employment terms and remuneration of the Executive Directors and senior management.

The Remuneration Committee's role is advisory in nature and makes recommendations to the Board on the overall remuneration packages for executive directors in order to attract, retain and motivate high quality executives capable of achieving the Group's objectives. The Remuneration Committee also reviews proposals for the introduction of share plans and other incentive plans, makes recommendations for the grant of awards under such plans as well as advising on the terms of employment of the Executive Directors. None of the Directors participates in any discussion or votes on any proposal relating to his own remuneration.

The Board's policy is to remunerate the Group's senior executives fairly and in such manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel. The remuneration of the Non-Executive Directors is determined by the Chairman and the other Executive Directors outside the framework of the Remuneration Committee.

Nomination Committee

The Company's Nomination Committee comprises of the Non-Executive Directors being Mr. T. L. Sankar (Chair), Mr. S. R. Iyer and Mr. Vladimir Dlouhy. The Nomination Committee considers the structure, size and composition of the Board, retirements and appointments of additional and replacement directors, reviews succession plans for the directors and makes recommendations to the Board on membership of the Board, its committees and other matters within its ambit.

Shareholder Relationships

The objective of the Board is to create increased shareholder value by growing the business in a way that delivers sustainable improvement in earnings over the medium and long term.

The Company is committed to promotion of investor confidence by ensuring information dissemination and trade in securities takes place in an efficient, competitive market.

In addition to meeting ongoing disclosure requirements, as part of Company's investor relationship program, meetings with analysts and Shareholders are held on regular basis. Field visits to specific power plant locations are facilitated, after due and adequate notice from interested shareholders.

Relevant information has been put on the Company's website www.kskplc.co.uk with updates on regular basis.

Internal Control

The Board is responsible for the effectiveness of the Company's internal control system and is supplied with information to enable it to discharge its duties. Internal control systems are designed to meet the particular needs of the Company and to manage rather than eliminate the risk of failure to meet business objectives and can only provide reasonable and not

absolute assurance against material misstatement or loss.

The assessment of controls and risk management processes provide a reasonable basis for the Board to make proper judgements on an ongoing basis as to the financial position and prospects of the Group. The Board has conducted a review of the effectiveness of the system of internal control for the year ended 31 March 2015 and up to the date of the signing of the financial statements and is satisfied that it remains appropriate to the business.

The UK Corporate Governance Code

The Board believes that its composition is suitable, having regard to its international stature with a focus on India. Notwithstanding the long tenure of some of the Directors and holding of directorship in KSKEV and in some of its subsidiaries, the Board believes all of the Non-Executive Directors are independent as the appointments are as per the requirements of the listing requirements of BSE & NSE and their independent judgement do not get affected by virtue of the cross directorship.

The Company believes that investor trust can be retained only by following the best Corporate Governance Practices. The focus of the Company has been and will be creation of long term value for all its stakeholders without compromising on ethics, social obligations and regulatory compliances.

T. L. Sankar

Non Executive Chairman

Report of the Independent Auditors, KPMG Audit LLC, to the members of KSK Power Vetur Plc

We have audited the financial statements of KSK Power Vetur Plc for the year ended 31 March 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 37, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 March 2015 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the provisions of Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Parent Company and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company's statement of financial position is not in agreement with the books of account and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark Russell Kelly, Responsible Individual

For and on behalf of KPMG Audit LLC, Statutory Auditor
Chartered Accountants

Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

13 CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March

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

		Consolidated		Company	
	Notes	2015	2014	2015	2014
ASSETS					
Non-current					
Property, plant and equipment	9	3,456,914	3,215,282	-	-
Intangible assets and goodwill	10	12,188	20,245	-	-
Investments and other financial assets	11	130,491	154,577	403,902	366,767
Other non-current assets	12	102,646	98,461	-	-
Trade and other receivables	13	2,845	3,422	-	-
Deferred tax asset	28	128,104	33,269	-	-
		3,833,188	3,525,256	403,902	366,767
Current					
Investments and other financial assets	11	31,313	73,240	27	4
Other current assets	12	40,459	22,688	320	391
Trade and other receivables	13	154,212	158,139	-	-
Inventories	14	32,453	24,588	-	-
Cash and short-term deposits	15	197,996	194,054	1,065	173
		456,433	472,709	1,412	568
Assets held for sale		-	18,456	-	-
Total assets		4,289,621	4,016,421	405,314	367,335
EQUITY AND LIABILITIES					
Issued capital	16	289	289	289	289
Share premium	16	287,191	287,191	287,191	287,191
Share application money	16	16,498	18,000	16,498	18,000
Foreign currency translation reserve	16	(129,431)	(113,933)	4,524	12,580
Revaluation reserve	16	1,418	2,614	-	-
Capital redemption reserve	16	10,855	5,461	-	-
Other reserves	16	147,317	143,615	122	10
Retained earnings / (Accumulated deficit)	16	15,590	69,254	(18,927)	(14,249)
Equity attributable to owners of the Company		349,727	412,491	289,697	303,821
Non-controlling interests		203,374	169,782	-	-
Total equity		553,101	582,273	289,697	303,821
Non-current liabilities					
Loans and borrowings	17	2,722,596	1,943,926	-	-
Other non-current financial liabilities	18	26,862	28,193	-	-
Trade and other payables	19	47,581	51,110	-	-
Provisions	20	3,210	2,494	-	-
Deferred revenue	21	2,824	4,974	-	-
Employee benefit liability	22	711	495	-	-
Deferred tax liabilities	28	33,777	31,567	-	-
		2,837,561	2,062,759	-	-

13 CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March

(continued...)

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

	Notes	Consolidated		Company	
		2015	2014	2015	2014
Current liabilities					
Loans and borrowings	17	521,953	944,750	114,245	62,028
Other current financial liabilities	18	5,959	5,073	-	-
Trade and other payables	19	369,590	400,460	1,372	1,486
Deferred revenue	21	310	740	-	-
Taxes payable		1,147	1,910	-	-
		898,959	1,352,933	115,617	63,514
Liabilities associated with assets held for sale		-	18,456	-	-
Total liabilities		3,736,520	3,434,148	115,617	63,514
Total equity and liabilities		4,289,621	4,016,421	405,314	367,335

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

Approved by the Board of Directors on 20 July 2015 and signed on behalf by:

S. Kishore
Executive Director

K.A. Sastry
Executive Director

14 CONSOLIDATED AND COMPANY INCOME STATEMENT

For the year ended 31 March

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

	Notes	Consolidated		Company	
		2015	2014	2015	2014
Revenue	23	382,307	335,866	-	-
Cost of revenue	24	(279,034)	(244,720)	-	-
Gross profit		103,273	91,146	-	-
Other operating income	25	9,396	7,064	-	-
Distribution costs		(10,501)	(11,014)	-	-
General and administrative expenses		(61,604)	(29,169)	(960)	(1,041)
Operating profit / (loss)		40,564	58,027	(960)	(1,041)
Finance costs	26	(219,810)	(165,969)	(3,718)	(3,719)
Finance income	27	19,135	35,819	-	560
Loss before tax		(160,111)	(72,123)	(4,678)	(4,200)
Tax income	28	91,204	13,106	-	-
Loss for the year		(68,907)	(59,017)	(4,678)	(4,200)
Attributable to:					
Owners of the Company		(56,504)	(49,039)	(4,678)	(4,200)
Non-controlling interests		(12,403)	(9,978)	-	-
		(68,907)	(59,017)	(4,678)	(4,200)
(Loss) / earnings per share					
Weighted average number of ordinary shares for basic and diluted earnings per share		175,308,600	160,565,712		
Basic and diluted earnings per share (US \$)		(0.32)	(0.31)		

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

Approved by the Board of Directors on 20 July 2015 and signed on behalf by:

S. Kishore
Executive Director

K.A. Sastry
Executive Director

15 CONSOLIDATED AND COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March

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

	Consolidated		Company	
	2015	2014	2015	2014
Loss for the year	(68,907)	(59,017)	(4,678)	(4,200)
Items that will never be reclassified to income statement				
Re-measurement of defined benefit liability	94	859	-	-
Income tax relating to re-measurement of defined benefit liability	59	(254)	-	-
	153	605	-	-
Items that are or may be reclassified subsequently to income statement				
Foreign currency translation differences	(24,135)	(52,881)	(8,056)	6,160
Available-for-sale financial assets				
- current period losses	(2,612)	(1,755)	-	-
- reclassification to income statement	693	2,986	-	-
Reclassification of reserve on deemed disposal of interest in joint operation	(491)	-	-	-
Income tax relating to available for sale financial asset	505	(188)	-	-
	(26,040)	(51,838)	(8,056)	6,160
Other comprehensive (loss) / income, net of tax	(25,887)	(51,233)	(8,056)	6,160
Total comprehensive (loss) / income for the year	(94,794)	(110,250)	(12,734)	1,960
Attributable to:				
Owners of the Company	(73,310)	(83,106)	(12,734)	1,960
Non-controlling interests	(21,484)	(27,144)	-	-
	(94,794)	(110,250)	(12,734)	1,960

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

Approved by the Board of Directors on 20 July 2015 and signed on behalf by:

S. Kishore
Executive Director

K.A. Sastry
Executive Director

16 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

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

	Attributable to owners of the Company										
	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non - controlling interests	Total equity
As at 1 April 2013	263	253,890	-	(78,535)	2,752	-	142,262	120,939	441,571	199,615	641,186
Issue of shares	26	33,301	-	-	-	-	-	-	33,327	-	33,327
Receipt of share application money	-	-	18,000	-	-	-	-	-	18,000	-	18,000
Change in non-controlling interests without change in control	-	-	-	-	-	-	12	-	12	(12)	-
Transfer of economic interest to non-controlling interests¹	-	-	-	-	-	-	-	2,677	2,677	(2,677)	-
Equity-settled share based payment	-	-	-	-	-	-	10	-	10	-	10
Transfer of profit to capital redemption reserve	-	-	-	-	-	5,461	-	(5,461)	-	-	-
Net depreciation transfer for property, plant and equipment	-	-	-	-	(138)	-	-	138	-	-	-
Transaction with owners	26	33,301	18,000	-	(138)	5,461	22	(2,646)	54,026	(2,689)	51,337
Loss for the year	-	-	-	-	-	-	-	(49,039)	(49,039)	(9,978)	(59,017)
Other comprehensive income											
Items that will never be reclassified to income statement											
Re-measurement of defined benefit liability	-	-	-	-	-	-	803	-	803	56	859
Income tax relating to re-measurement of defined benefit liability	-	-	-	-	-	-	(254)	-	(254)	-	(254)

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

16 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

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

	Attributable to owners of the Company										
	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	Non - controlling interests	Total equity
As at 1 April 2014	289	287,191	18,000	(113,933)	2,614	5,461	143,615	69,254	412,491	169,782	582,273
Refund of share application money	-	-	(1,502)	-	-	-	-	-	(1,502)	-	(1,502)
Change in non-controlling interests without change in control (refer note 6)	-	-	-	-	-	-	4,898	-	4,898	62,114	67,012
Transfer of economic interest to non-controlling interests ¹	-	-	-	-	-	-	-	7,038	7,038	(7,038)	-
Equity-settled share based payment	-	-	-	-	-	-	112	-	112	-	112
Transfer of profit to capital redemption reserve	-	-	-	-	-	5,394	-	(5,394)	-	-	-
Net depreciation transfer for property, plant and equipment	-	-	-	-	(345)	-	-	345	-	-	-
Transaction with owners	-	-	(1,502)	-	(345)	5,394	5,010	1,989	10,546	55,076	65,622
Loss for the year	-	-	-	-	-	-	-	(56,504)	(56,504)	(12,403)	(68,907)
Other comprehensive income											
Items that will never be reclassified to income statement											
Re-measurement of defined benefit liability	-	-	-	-	-	-	94	-	94	-	94
Income tax relating to re-measurement of defined benefit liability	-	-	-	-	-	-	59	-	59	-	59

For the year ended 31 March 2015

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

(continued...)

	Attributable to owners of the Company								Non - controlling interests	Total equity
	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Revaluation reserve	Capital redemption reserve	Other reserves	Retained earnings	Total	
Items that are or may be reclassified subsequently to income statement										
Foreign currency translation differences	-	-	-	(15,498)	-	-	-	-	(15,498)	(8,637) (24,135)
Available-for-sale financial assets										
- current period loss	-	-	-	-	-	-	(2,004)	-	(2,004)	(608) (2,612)
- reclassification to profit or loss	-	-	-	-	-	-	693	-	693	- 693
Income tax relating to available-for-sale financial asset	-	-	-	-	-	-	341	-	341	164 505
Reclassification of reserves on deemed disposal of interest in Joint operation	-	-	-	-	(851)	-	(491)	851	(491)	- (491)
Total comprehensive expenses for the year	-	-	-	(15,498)	(851)	-	(1,308)	(55,653)	(73,310)	(21,484) (94,794)
Balance as at 31 March 2015	289	287,191	16,498	(129,431)	1,418	10,855	147,317	15,590	349,727	203,374 553,101

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

¹ The group entities have arrangements of sharing of profits with its non-controlling shareholders, through which the non controlling shareholders are entitled to a dividend of 0.01% of the face value of the equity share capital held and the same is also reflected in the Consolidated income statement. However, the non controlling interest disclosed in the Statement of changes in equity is calculated in the proportion of the actual shareholding as at the reporting date.

17 COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

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

	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Other reserve	Accumulated deficit	Total equity
As at 1 April 2013	263	253,890	-	6,420	-	(10,049)	250,524
Issue of shares	26	33,301	-	-	-	-	33,327
Receipt of share application money	-	-	18,000	-	-	-	18,000
Equity-settled share based payment	-	-	-	-	10	-	10
Transaction with owners	26	33,301	18,000	-	10	-	51,337
Loss for the year	-	-	-	-	-	(4,200)	(4,200)
Other comprehensive income							
Foreign currency translation differences	-	-	-	6,160	-	-	6,160
Total comprehensive income / (loss) for the year	-	-	-	6,160	-	(4,200)	1,960
Balance as at 31 March 2014	289	287,191	18,000	12,580	10	(14,249)	303,821
As at 1 April 2014	289	287,191	18,000	12,580	10	(14,249)	303,821
Refund of share application money	-	-	(1,502)	-	-	-	(1,502)
Equity-settled share based payment	-	-	-	-	112	-	112
Transaction with owners	-	-	(1,502)	-	112	-	(1,390)
Loss for the year	-	-	-	-	-	(4,678)	(4,678)
Other comprehensive income							
Foreign currency translation differences	-	-	-	(8,056)	-	-	(8,056)
Total comprehensive loss for the year	-	-	-	(8,056)	-	(4,678)	(12,734)
Balance as at 31 March 2015	289	287,191	16,498	4,524	122	(18,927)	289,697

(See accompanying notes to Consolidated and Company financial statements)

18 CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 March

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

	Consolidated		Company	
	2015	2014	2015	2014
Cash inflow / (outflow) from operating activities				
Loss before tax	(160,111)	(72,123)	(4,678)	(4,200)
Adjustment				
Depreciation and amortisation	58,733	43,926	-	1
Finance cost	218,693	154,829	3,857	3,242
Finance income	(19,135)	(35,819)	-	(1,554)
Provision and impairment of trade receivable, PPE and other receivable	31,070	9,068	-	335
Net loss on business combination (refer note 7)	2,001	-	-	-
Loss / (profit) on sale of fixed assets, net	142	(352)	-	-
Others	(7,857)	869	112	10
Change in				
Trade receivables and unbilled revenue	1,687	(50,712)	-	-
Inventories	(7,419)	1,658	-	-
Other assets	(7,391)	(53,024)	31	(4,851)
Trade payables and other liabilities	(17,202)	53,819	53	84
Provisions and employee benefit liability	204	(566)	-	-
Cash generated from / (used in) operating activities	93,415	51,573	(625)	(6,933)
Taxes paid, net	(3,945)	(5,364)	-	-
Net cash provided by / (used in) operating activities	89,470	46,209	(625)	(6,933)
Cash inflow / (outflow) from investing activities				
Movement in restricted cash, net	(19,137)	123,310	-	-
Purchase of property, plant and equipment and other non-current assets	(222,891)	(199,997)	-	-
Proceeds from sale of property, plant and equipment	929	1,709	-	-
Purchase of financial assets	(27,770)	(23,906)	(46,353)	(47,652)
Proceeds from sale of financial assets	24,225	59,675	-	-
Net cash flow on business combination	(5,784)	-	-	-
Dividend received	95	120	-	-
Interest income received	16,738	31,350	-	-
Net cash used in investing activities	(233,595)	(7,739)	(46,353)	(47,652)

18 CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 March

(continued...)

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

	Consolidated		Company	
	2015	2014	2015	2014
Cash inflow / (outflow) from financing activities				
Proceeds from borrowings	995,211	1,252,455	62,876	7,663
Repayment of borrowings	(533,352)	(993,151)	(10,490)	-
Finance costs paid	(398,627)	(316,109)	(3,103)	(2,972)
Payment of derivative liability	(4,552)	(4,519)	-	-
Advance received against investment	14,939	-	-	-
Net proceeds from issue of shares and share application money in subsidiary to non-controlling interest	63,371	2,303	-	-
Net proceeds / repayment from issue of shares and share application money	(1,502)	51,327	(1,502)	51,327
Net cash flow provided by / (used in) financing activities	135,488	(7,694)	47,781	56,018
Effect of exchange rate changes	(6,564)	(18,676)	89	(1,547)
Net increase / (decrease) in cash and cash equivalents	(15,201)	12,100	892	(114)
Cash and cash equivalents at the beginning of the year	55,934	43,834	173	287
Cash and cash equivalents at the end of the year (refer note 15)	40,733	55,934	1,065	173

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

For the year ended 31 March 2015

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

1. Corporate information

1.1. General information

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

1.2. Nature of operations

KSK Power Ventur plc, its subsidiaries and joint operations (collectively referred to as 'the Group') are primarily engaged in the development, ownership, operation and maintenance of private sector power projects with multiple industrial consumers and utilities in India.

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

The principal activities of the Group are described in note 23.

1.3. Statement of compliance responsibility statement

The Consolidated and Company financial statements contained in this document have been prepared in accordance with International Financial Reporting Standard and its interpretations as adopted by the European Union (EU) ('IFRS') and the provisions of the Isle of Man, Companies Act 1931-2004 applicable to companies reporting under IFRS.

The financial statements were authorised for issue by the Board of Directors on 20 July 2015.

1.4. Financial period

The Consolidated and Company financial statements cover the period from 1 April 2014 to 31 March 2015, with comparative figures from 1 April 2013 to 31 March 2014.

1.5. Basis of preparation

These Consolidated financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following:

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

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

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

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

Going Concern: The financial statements have been prepared on the going concern basis which assumes the Group and the Company will have sufficient funds to continue its operational existence for the foreseeable future, covering at least twelve months from the date of signing these financial statements. The Group requires funds for both short term operational needs as well as for long term investment programmes, mainly in construction projects for its power plants.

As at 31 March 2015, the Group had net current liabilities of US \$ 442,526 and is depending on a continuation of both short term and long term debt financing facilities. Such financing is subject to covenant and amortisation conditions. The Group also has significant capital commitments at the year-end of which a portion is due to be met during the year to 31 March 2016 (refer note 30), primarily in respect of on-going plant construction projects at KSK Mahanadi. The Group is also involved in a number of on-going legal and claim matters as outlined in note 30.

The Group continues to generate cash flows from current operations which are further expected to increase with the full load operation of two units of KSK Mahanadi plant and better plant load factor in Sai Wardha. These two factors are key assumptions with regard to management's forecasts and expectations. It is forecast that the transmission corridor constraint on KSK Mahanadi for the operation and sale of power from unit 2 and long term PPA arrangement for Sai Wardha will be in place shortly. Should there be further delays in these matters this may impact on the ability of the Group to generate the cash flows for current financing proposals being considered, described below.

In addition, a number of the facilities that are due to expire at 31 March 2016 are in the process of being extended and have a rollover clause in a number of cases, and the Group may refinance and/or restructure certain short term borrowings into long borrowings and will also consider alternative sources of financing, where applicable. The Directors are confident that facilities will remain available to the Group based on current trading, covenant compliance and on going discussions with the Groups primary lending consortium regarding future facilities and arrangements in respect of current borrowings.

The Group currently had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately US \$ 710,417 to meet its long term investment programmes. However, the Group is currently in discussions with stakeholders regarding the terms of such existing drawn and undrawn financial commitments in order to match facilities to the current development and financing plans for KSK Mahanadi. These proposals require the regulatory consent of the Reserve Bank of India. Discussions with all stakeholders regarding such arrangements have been positive to date and the Groups lenders are supportive of proposed arrangements. Nonetheless the Group monitors the situation on an on-going basis and plans alternative arrangements where necessary. The outcome of these discussions may impact on the timing of the strategic development of this plant.

As a consequence, the Directors have a reasonable expectation that the Company and Group are well placed to manage their business risks and continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis of accounting when preparing these financial statements.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

1.6. List of subsidiaries and joint operations

Details of the Group's subsidiaries and joint operation, which are consolidated into the Group's consolidated financial statements, are as follows:

(a) Subsidiaries

Subsidiaries	Principal activities	The company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		2015	2014			2015	2014
KSK Energy Limited ('KEL')	Investment/Financing company	100.00	100.00	Mauritius	KPVP	100.00	100.00
KSK Asset Management Services Private Limited ('KASL')	Fund Management Company	100.00	100.00	Mauritius	KPVP	100.00	100.00
KSK Green Power plc ('KGPP')	Investment company	100.00	100.00	Isle of Man	KPVP	100.00	100.00
KSK Solar Ventures plc ('KSVP')	Investment company	100.00	100.00	Isle of Man	KPVP	100.00	100.00
KSK Emerging India Energy Private Limited I ('KSKEIEPL I')	Investment company	100.00	100.00	Mauritius	KASL	100.00	100.00
KSK Emerging India Energy Private Limited II ('KSKEIEPL II')	Investment company	100.00	100.00	Mauritius	KASL	100.00	100.00
KSK Green Energy Pte Limited ('KGEPL')	Investment company	100.00	100.00	Singapore	KPVP	100.00	100.00
KSK Wind Energy Halagali Benchhi Private Limited ('KWEHBPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Power Sankonahatti Athni Private Limited ('KWPSAPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Mothalli Haveri Private Limited ('KWEMHPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Power Aminabhavi Chikodi Private Limited ('KWPACPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Shiggaon Haveri Private Limited ('KWESHPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Mugali Chikodi Private Limited ('KWEMCPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Power Yadahalli Benchhi Private Limited ('KWPLYBPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Nandgaon Athni Private Limited ('KWENAPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

Subsidiaries	Principal activities	The company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		2015	2014			2015	2014
KSK Wind Energy Tirupur Elayamuthur Private Limited ('KWETEPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Tirupur Udumalpet Private Limited ('KWETUPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Tuticorin Rajapudukudi Private Limited ('KWETRPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Wind Energy Madurai MS Puram Private Limited ('KWEMMPPL')	Power generation	100.00	100.00	India	KGEPL	100.00	100.00
KSK Surya Ventures Limited ('KSVL')	Investment company	100.00	100.00	Mauritius	KSVP	100.00	100.00
KSK Surya Photovoltaic Venture Limited ('KSPVL')	Power generation	-	93.25	India	KSVL	-	93.23
KSK Power Holdings Limited ('KPHL')	Investment company	100.00	100.00	Mauritius	KEL	100.00	100.00
KSK Energy Company Private Limited ('KECPL')	Investment / Financing company	100.00	100.00	India	KEL	100.00	100.00
KSK Energy Ventures Limited ('KEVL' or 'KSK India')	Project development Company	68.30	74.94	India	KEL	45.27	51.32
KSK Energy Resources Private Limited ('KERPL')	Technical support services	100.00	100.00	India	KECPL	100.00	100.00
KSK Mineral Resources Private Limited ('KMRPL')	Exploration of natural / mineral resources	100.00	100.00	India	KECPL	100.00	100.00
KSK Investment Advisor Private Limited ('KIAPL')	Assets Management Company	100.00	100.00	India	KECPL	100.00	100.00
KSK Water Infrastructures Private Limited ('KWIPL')	Water supply facility	100.00	100.00	India	KECPL	100.00	100.00
KSK Power Transmission Ventures Private Limited ('KPTVPL')	Power transmission	100.00	100.00	India	KECPL	100.00	100.00
Raigarh Champa Rail Infrastructure Private Limited ('RCRIPL')	Railway facilities	100.00	100.00	India	KECPL	100.00	100.00
SN Nirman Infra Projects Private Limited ('SNNIPPL')	Water supply facility	100.00	100.00	India	KECPL	100.00	100.00

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

Subsidiaries	Principal activities	The company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		2015	2014			2015	2014
Marudhar Mining Private Limited ('MMPL')	Exploration of natural / mineral resources	100.00	100.00	India	KECPL	100.00	100.00
KSK Vidarbha Power Company Private Limited, ('KVPCPL')	Power generation	68.30	74.94	India	KEVL	100.00	100.00
KSK Narmada Power Company Private Limited ('KNPCPL')	Power generation	68.30	74.94	India	KEVL	100.00	100.00
KSK Wind Energy Private Limited ('KWEPL')	Power generation	68.30	74.94	India	KEVL	100.00	100.00
KSK Surya Photovoltaic Venture Limited ('KSPVL')	Power generation	63.69	-	India	KEVL	93.23	-
KSK Wardha Infrastructure Private Limited ('KWA IPL')	Exploration of natural / mineral resources	68.30	74.94	India	KEVL	100.00	100.00
KSK Dibbin Hydro Power Private Limited ('KDHPPL')	Power generation	55.33	74.94	India	KEVL	81.01	100.00
Kameng Dam Hydro Power Limited ('KDHPPL')	Power generation	68.30	74.94	India	KEVL	100.00	100.00
KSK Upper Subansiri Hydro Energy Limited ('KUSHEL')	Power generation	68.30	74.94	India	KEVL	100.00	100.00
KSK Jameri Hydro Power Private Limited ('KJHPPL')	Power generation	68.30	74.94	India	KEVL	100.00	100.00
KSK Dinchang Power Company Private Limited ('KDPCPL')	Power generation	68.30	74.94	India	KEVL	100.00	100.00
Tila Karnali Hydro Electric Company Private Limited ('TKHECPL')	Power generation	54.64	59.95	Nepal	KEVL	80.00	80.00
Bheri Hydro Power Company Private Limited ('BHPCPL')	Power generation	61.47	67.45	Nepal	KEVL	90.00	90.00
KSK Mahanadi Power Company Limited ('KMPCL')	Power generation	71.24	78.48	India	KEVL	79.14	81.58
KSK Electricity Financing India Private Limited ('KEFIPL')	Investment / Financing company	68.30	74.94	India	KEVL	100.00	100.00
Sai Regency Power Corporation Private Limited ('SRPCPL')	Power generation	54.44	59.73	India	KEFIPL	73.92	73.92
Sai Lilagar Power Limited ('SLPL') (formerly Arasmeta Captive Power Company Private Limited) (refer note 7)	Power generation	68.30	-	India	KEFIPL	100.00	-
VS Lignite Power Private Limited ('VSLPPL')	Power generation	57.20	55.46	India	KEFIPL	83.75	74.00

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

Subsidiaries	Principal activities	The company's economic percentage holding		Principal place of business	Immediate parent	Immediate parent holding	
		2015	2014			2015	2014
Sai Wardha Power Limited ('SWPL')	Power generation	59.42	65.20	India	KEFIPL	74.00	74.00
Sai Power Pte Ltd ('SPPL')	Coal sourcing company	71.24	78.48	Singapore	KMPCL	100.00	100.00
Sai Maithili Power Company Private Limited ('SMPCPL')	Power generation	69.03	75.22	India	VSLPPL	52.00	52.00
Field Mining and Ispats Limited ('FMIL')	Exploration of natural / mineral resources	50.51	55.42	India	SWPL	84.98	84.98

(b) Joint operation

Joint operation	Venturer	Principal place of business	% shareholding	
			2015	2014
Sitapuram Power Limited ('SPL')	KEFIPL	India	49.00	49.00
Sai Lilagar Power Limited ('SLPL') (refer note 7)	KEFIPL	India	-	51.00
J R Power Gen Private Limited ('JRP GPL') ¹	KEVL	India	51.00	51.00

¹ As of 31 March 2015, the Group hold 99.87 (2014: 99.87) percent of the outstanding share capital of JRP GPL. The contractual arrangement requires both the parties to maintain the shareholding ratio in proportion of 51:49 percentages. Therefore the holding in excess of 51% i.e. the additional 48.87% is treated as held temporarily and the same has been shown as non-current receivable from joint venture partner of US \$ 598 (2014: US \$ 626) in note 11 of the Consolidated financial statements. Any consequent change to reflect the 99.87 (2014: 99.87) percent holding shall be subsequent to finality of legal proceedings.

2. Changes in accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards as of 1 April 2014, noted below:

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2014.

- IFRS 10: Consolidated financial statements
- IFRS 11: Joint arrangements
- IFRS 12: Disclosure of interest in other entities
- Recoverable amount disclosure for non-financial assets (Amendments to IAS 36)
- Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

- Offsetting financial assets and financial liabilities - Amendments to IAS 32
- Novation of derivatives and continuation of hedge accounting - Amendments to IAS 39

The nature and the effect of the changes are further explained below:

IFRS 10: Consolidated financial statements

IFRS 10 establishes the principal for the preparation and presentation of consolidated financial statements with a new definition of control. The investor controls an investee when it is exposed to, or has rights to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. This definition replaces the previous guidance on control and consolidation under IAS 27 (Separate Financial Statements) and SIC 12 (Consolidation-Special Purpose Entities). IFRS 10 does not have significant impact on the financial statements of the Group i.e. there is no change in control conclusion on adoption of IFRS 10.

IFRS 11: Joint arrangements

IFRS 11 (Joint Arrangements) replaced IAS 31 (Interest in Joint Ventures) and requires investments in joint arrangements classified as either joint ventures or joint operations based on the rights and obligations of the parties to the arrangement. Under this standard, the Group has assessed its joint arrangements in order to identify those which require to be classified as joint ventures rather than joint operations. Joint operations arise where the venturers are deemed to have joint control and have rights to the assets and obligations for the liabilities of the arrangement as opposed to having rights to the net assets of the arrangements. Accordingly, a joint operator will recognise its share of the operation's assets, liabilities, revenues and expenses in the consolidated financial statements rather than its net share of the result of the venture. The Group has evaluated its joint arrangement and concluded that there is no impact on financial statement of IFRS 11.

IFRS 12: Disclosure of interest in other entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or unconsolidated structured entities. IFRS 12 requires an entity to disclose information that enables users of financial statements to evaluate the nature and risk associated with the interest in other entities. These disclosures are set out within the relevant notes to the financial statements.

Recoverable amount disclosure for non-financial assets (Amendments to IAS 36)

The amendment requires the disclosure of the recoverable amounts for the assets or Cash Generating Unit (CGU) for which impairment loss has been recognised or reversed during the period. The amendment also expands and requires the disclosure when an asset's or CGUs recoverable amount is determined on the basis of fair value less cost of disposal. Accordingly, these disclosures are set out within the relevant notes to the financial statements.

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The amendment provides an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting financial assets and financial liabilities - Amendments to IAS 32

The amendment clarifies the meaning of 'currently have a legally enforceable right to set-off' and 'simultaneous

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

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

realisation and settlement'. The amendment clarify that to result in offset of a financial asset and financial liability, a right to set off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties. It must be legally enforceable in the normal course of business. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Novation of derivatives and continuation of hedge accounting - Amendments to IAS 39

The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. 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 (and some of which were pending endorsement by the EU)

Standard	Description	Effective for in reporting years starting on or after
IFRIC 21	Levies	17 June 2014
IAS 19	Defined benefit plan : Employee Contributions (Amendments)	1 February 2015
	Annual improvement to IFRSs 2010 - 2012 Cycle- various standards	1 February 2015
	Annual improvement to IFRSs 2011 - 2013 Cycle- various standards	1 January 2015
IFRS 14	Regulatory Deferral accounts	1 January 2016
IFRS 11	Accounting for acquisition of interest in Joint Operations (Amendments)	1 January 2016
IAS 16 & IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments)	1 January 2016
IAS 16 & IAS 41	Agriculture: Bearer Plants	1 January 2016
IAS 27	Equity method in Separate Financial Statements (Amendments)	1 January 2016
IFRS 10 & IAS 28	Sale or contribution of Assets between an investor and its Associates or joint Venture (Amendments)	1 January 2016
	Annual improvement to IFRSs 2012 - 2014 Cycle- various standards	1 January 2016
IFRS 10, IFRS 12, IAS 28	Investment Entities : Applying the Consolidation Exception (Amendments)	1 January 2016
IAS 1	Disclosure Initiative (Amendments)	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 9	Financial instruments	1 January 2018

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

4. Summary of significant accounting policies

4.1. Basis of consolidation

The Consolidated financial statements incorporate the financial information of KSK Power Ventur plc, its subsidiaries and joint operations for the year ended 31 March 2015.

A subsidiary is defined as an entity controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are prepared using same reporting period as the Company, using consistent accounting policies.

All intra-group balances, income and expenses and any resulting unrealised gains / (losses) arising from intra-group transactions are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4.2. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

If the business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity

interest in the acquiree is re-measured to fair value at the acquisition date through income statement.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in income statement.

Goodwill is carried at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

4.3. Interest in joint arrangements

A Joint arrangement is an arrangement of which two or more parties have joint control. Joint control is considered when there is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the nature of its joint arrangement and determined them to be joint operations.

In relation to its interest in a joint operation, the Group recognises its share of each of the assets, liabilities, income and expenses of the joint venture with similar items in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as that of the parent company. Adjustments are made where it is necessary to bring the accounting policies in-line with those of the Group.

Adjustments are made in the Group's Consolidated financial statements to eliminate the Group's share of intra-group balances, income and expenses and unrealised gains and losses on transactions between the Group and its joint operations. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint operation is consolidated until the date on which the Group ceases to have joint control over the joint operation.

4.4. Non-current assets held-for-sale

Non-current assets and disposal groups classified as held-for-sale are measured at lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuous use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Management is committed to the sale, which should be expected to qualify for recognition as a completed sale generally within one year from the date of classification.

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

4.5. Foreign currency translation

The functional currency of the Company and its subsidiaries in Mauritius is the Pound Sterling (£). Each entity in the Group determines its own functional currency and items included in the financial statement of each are measured using that functional currency. However, given the rising trend towards globalisation, the Group has selected US \$ as the presentation currency as submitted to the London Stock Exchange where the shares of the Company are listed.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currency at the foreign exchange rate ruling at that date. Differences arising on settlement or translation of monetary items are recognised in finance income or costs within the income statement.

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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

At the reporting date the assets and liabilities of the Group and Company are translated into the presentation currency which is US \$ at the rate of exchange ruling at the reporting date and the income statement is translated at the average exchange rate for the year. Any differences arising from this procedure have been charged/ credited to the foreign currency translation reserve in other comprehensive income.

4.6. Revenue recognition

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

Sale of electricity

Revenue from the sale of electricity is recognised when earned on the basis of contractual arrangement with the customers and reflects the value of units supplied including an estimated value of units supplied to the customers between the date of their last meter reading and year end.

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Rendering of services

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

Deferred revenue

Non-refundable contributions received from the captive consumers of the Group are recognised as deferred revenue in the Consolidated statement of financial position and transferred to income statement on a systematic and rational basis over life of the term of the relevant agreement.

Interest and dividend income

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

Insurance 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.

4.7. 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 income statement.

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:

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

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

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

Deferred income tax assets and liabilities, relating to items recognised outside income statement is recognised outside income statement. 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.

4.8. Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as:

- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Loans and receivables

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables and quoted and unquoted financial assets.

Subsequent measurement

The subsequent measurement of financial assets is dependent on their classification and it is as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets that are designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss

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are carried in the statement of financial position at fair value with gains or losses recognised in the income statement.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or do not qualify for inclusion in any of the other categories of financial assets. After initial measurement, available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income. Gains and losses arising from financial assets classified as available-for-sale are recognised in income statement only when they are sold or when the investment is impaired. In the case of impairment, any loss previously recognised in equity is transferred to Consolidated income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment, any change in their value is recognised in the income statement. Receivables are considered for impairment on a case-by-case basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

Investment in subsidiaries

In the parent company's financial statements, the investments in subsidiaries are accounted at cost with income from the investment being recognised only to the extent that the parent company receives distributions from accumulated profits of the investee arising after the date of acquisition.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. In case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics.

All impairment losses are recognised in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

4.9. Financial Liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as

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

The Group 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 Group'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 Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. 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 Consolidated income statement.

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 IAS 39 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 Consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated statement of financial position 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 Consolidated income statement.

4.10. Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

4.11. 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

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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 Group. All other repairs and maintenance costs are recognised in income statement as incurred.

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

Depreciation is computed on straight-line basis over the useful life of the asset based on management's estimate as follows:

Nature of asset	Useful life (years)
Buildings	30
Power stations	25
Other plant and equipment	3-7

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 income statement in the year the asset is derecognised.

Any revaluation surplus is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case, the increase is recognised in the income statement.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on asset's original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

4.12. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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 is 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 income statement in the expense category consistent with the function of the intangible assets.

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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 income statement when the asset is derecognised.

Nature of asset	Useful life (years)
Mining license	20

4.13. Mining assets

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

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

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

4.14. Leases

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

Group as a lessor

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

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

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

Group as a lessee

Operating lease payments are recognised as an expense in the consolidated income statement on a straight line basis over the lease term.

4.15. Borrowing costs

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

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

4.16. Impairment of non-financial assets

The Group 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 Group 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 income statement in those expense categories consistent with the function of the impaired asset, 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 Group 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 income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill

Goodwill is tested for impairment annually (on 31 March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or Group of cash generating units) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future year.

4.17. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits.

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

4.18. Inventories

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

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

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

4.19. Segment reporting

In identifying its operating segments, management generally follows the Group's service lines, which represent the generation of the power and other related services provided by the Group.

The activities undertaken by the Power generation segment includes sale of power and other related services. The project management of these power plants is undertaken by the service segment. The accounting policies used by the Group for segment reporting are the same as those used for Consolidated financial statements. Further, income, expenses, assets and liabilities which are not directly attributable to the business activities of any operating segment are not allocated.

4.20. Earnings per share

The earnings considered in ascertaining the Group's earnings per share (EPS) comprise the net profit or loss for the year attributable to ordinary equity holders of the parent. 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 ordinary equity holders of the parent (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 ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

4.21. Provisions

General

Provisions are recognised when the Group 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 Group 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 income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning and restoration liability

The provision for decommissioning and restoration costs arose on construction of a power plant and development of mines. Decommissioning and restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted using appropriate rates. The unwinding of discount is expensed as incurred and recognised in the income statement as a finance cost.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

4.22. Employee benefits

Gratuity

In accordance with applicable Indian laws, the Group 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 Group 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 Group recognises the net obligation of a defined benefit plan in its statement of financial position as an asset or liability, respectively in accordance with IAS 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 Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss

Provident fund

Eligible employees of Group receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The benefits are contributed to the government administered provident fund, which is paid directly to the concerned employee by the fund. The Group 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 Group 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.

Share based payment

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

5. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS 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 Group in the Consolidated financial statements are as set out above. The application of a number of these policies required the Group to use a variety of estimation techniques and apply judgment to best reflect the substance of underlying transactions.

The Group 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 Consolidated 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:

- *Application of business combination accounting rules, including identification of intangible assets acquired in a business combination:* The Group allocates the purchase price of the acquired companies towards the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The Group engages third-party external appraisal firms to assist in determining the fair values of the acquired assets and liabilities. Such valuation requires the Group to make significant estimate and assumptions, especially with respect to identification and valuation of intangible assets. (refer note 4.2);
- *Estimation of fair value of acquired financial assets and financial liabilities:* When the fair value of financial assets and financial liabilities recorded in the statement of financial position 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

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are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements 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. (refer note 4.8, 4.9 and 11);

- *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 (refer note 13).
- *Impairment tests:* The determination of recoverable amounts of the CGUs assessed in the annual impairment test requires the Group to estimate their fair value net of disposal costs as well as their value-in-use. The assessment of value-in-use requires assumptions to be made with respect to the operating cash flows of the CGUs as well as the discount rates (refer note 4.16 and 10);
- *Estimation of liabilities for decommissioning and restoration costs:* Provisions for decommissioning and restoration costs require assessment of the amounts that the Group will have to pay and assumptions in terms of phasing and discount rate. (refer note 4.21 and 20);
- *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 Group establishes provisions, based on reasonable estimates, for possible consequences of assessment by the tax authorities of the respective countries in which it operates. 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 Group assesses the probability for litigation and subsequent cash outflow with respect to taxes. (refer note 4.7 and 28);

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (refer note 4.7 and 28);

- *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. (refer note 4.22 and 22);
- *Capitalisation of interest expenditure incurred on general borrowing funds used for construction of qualifying assets:* In respect of the general borrowed funds used for constructing a qualifying asset, management determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the average of the borrowing costs applicable to the general borrowings of the Group that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset and;
- *Capitalisation of Common infrastructure facilities:* The capitalisation of common infrastructure facilities requires management to make the estimates with the help of internal technical team regarding the portion of common assets

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which are actually ready for commercial use and portion where the work is yet to be completed. Based on the such estimate, completed portion cost is capitalised as Property Plant and equipment and balance is kept under assets under construction.

Actual results can differ from estimates.

Judgement

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

- *Joint control assessment:* The terms of the contractual agreement between the Group and the joint venture partners provides that parties to the arrangement have joint control over rights to the assets, and obligations for the liabilities, relating to the arrangement. Accordingly, the Group has assessed the nature of its joint arrangement and determined them to be joint operations. In relation to its interest in a joint operation, the Group recognises its share of each of the assets, liabilities, income and expenses of the joint operation with similar items in its consolidated financial statements. (refer note 1.6 (b), 4.3 and 8b).
- *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 Group. The carrying amounts are analysed in note 9. Actual results, however, may vary due to technical obsolescence, particularly relating to software and information technology equipment (refer note 4.11)
- *Provision:* The Group is currently defending certain lawsuits where the actual outcome may vary from the amount recognised in the financial statements. None of the provisions are discussed here in further details as that might seriously prejudice the Group's position in the related disputes.
- *Going concern basis:* These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable the Group to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 1.5 to consolidated financial statements.

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

a. Qualified Institutional Placement (QIP) by KSK Energy Ventures Limited ('KEVL')

During the year ended 31 March 2015, KEVL issued additional 40,404,040 equity shares of face value of Rs. 10 (US \$ 0.16) each at a premium of Rs. 89 (US \$ 1.45) per share in the Indian domestic market by way of Qualified Institutional Placement (QIP). The issue was fully subscribed and KEVL raised Rs. 3,941,773,675 (US \$ 64,443) net of share issue expenses of Rs. 57,681,158 (US \$ 943) (net of tax).

Pursuant to the above, the ownership interest of the Group in KEVL decreased from 74.94 percent to 67.61 percent resulting in a 7.33 percent decrease in the Group's controlling interest in a subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the Consolidated income statement. The difference of US \$ 6,763, between the fair value of the net consideration received (US \$ 64,443) and the amount by which the non-controlling interest are adjusted (US \$ 57,680), is credited to 'Other reserve' within Consolidated statement of changes in equity and attributed to the owners of the company.

b. Warrant issue by KSK Energy Ventures Limited

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

Pursuant to above, KPHL acquired 9,214,700 shares of KSK Energy Ventures Limited ("KEVL") resulting in increase of the ownership interest of the Group in KEVL from 67.61 percent to 68.30 percent resulting in a 0.69 percent additional interest in subsidiary. The aforesaid transaction is accounted as an equity transaction, and accordingly no gain or loss is recognised in the consolidated income statement. An amount of US \$ 1,057 by which the non-controlling interest is adjusted debited to 'Other reserve' within Consolidated statement of changes in equity and attributed to the owners of the Company

c. Acquisition of VS Lignite Power Private Limited

During the year ended 31 March 2015, the Group has issued additional 60,000,000 equity shares in VS Lignite Power Private Limited ("VSLPPL") to KSK Electricity Financing India Private Limited (KEFIPL) at face value of Rs 10 (US \$ 0.16) each.

Pursuant to the above, the ownership interest of the Group in VSLPPL increased from 74 percent to 83.75 percent resulting in a 9.75 percent additional interest in subsidiary. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the Consolidated income statement. An amount of US \$ 984 by which the non-controlling interest is adjusted debited to 'Other reserve' within Consolidated statement of changes in equity and attributed to the owners of the company.

d. Dilution in KSK Mahanadi Power Company Limited

During the year ended 31 March 2015, the Group has issued additional 536,600,000 equity shares in KSK Mahanadi Power Company Limited ("KMPCL") to KSK Energy Ventures Limited ("KEVL") and Sai Regency Power Corporation Private Limited ("SRPCPL") at a face value of Rs 10 (US \$ 0.16) at par.

Pursuant to above, the ownership interest of the Group in KMPCL decreased by 0.59 percent in a subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the Consolidated income statement. An amount of US \$ 141 by which the non-controlling interest is adjusted debited to 'Other reserve' within Consolidated statement of changes in equity and attributed to the owners of the company.

e. Dilution in KSK Dibbin Hydro Power Private Limited

During the year ended 31 March 2015, the Group has issued additional 15,280,000 equity shares in KSK Dibbin Hydro Power Private Limited ("KDHPPL") to North Eastern Electric Power Corporation Limited (NEEPCO) at face value of Rs 10 (US \$ 0.16) each.

Pursuant to above, the ownership interest of the Group in KDHPPL decreased from 100 percent to 81.01 percent resulting in a 18.99 percent decrease in Group's controlling interest in a subsidiary without loss of control. The aforesaid transaction is accounted as an equity transaction, and no gain or loss is recognised in the consolidated income statement. The difference of US \$ 257 between the fair value of the net consideration received (US \$ 2,498) and the amount by which the non-controlling interest are adjusted (US \$ 2,241), is credited to 'Other reserve' within Consolidated statement of changes in equity and attributed to the owners of the company.

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7. Business Combination

Acquisition of additional stake in Sai Lilagar Power Limited (SLPL)

Prior to 31 March 2015, the Group owned 51% of the shares of SLPL. Effective 31 March 2015 the Group acquired a further 49% interest in SLPL and obtained control of SLPL. The Group has acquired SLPL because it significantly increases the Group output in power generation segment. The Group has accounted for this acquisition as business combinations and accordingly the purchase price was allocated to the assets and liabilities of the business based on their fair values as at the date of the acquisition. The fair values of the recognised assets and liabilities were determined based on a purchase price allocation report issued by an independent valuer.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Fair value recognised on acquisition
Property, plant and equipment	71,145
Cash and short-term deposits	253
Trade and other receivable	4,212
Inventories	910
Financial and other instruments	3,558
Other current and non- current assets	1,713
Deferred tax liability	(319)
Loans and borrowings	(53,558)
Trade and other payable	(5,151)
Provisions	(158)
Provision for contingent liability	(819)
Other current liabilities	(1,893)
Employee benefit liability	(25)
Fair value of existing interest	(10,133)
Negative goodwill / bargain purchase	(3,833)
Consideration transferred settled in cash (A)	5,902
Cash and short-term deposit acquired (B)	253
Cash and short-term deposit disposed on deemed disposal (c)	129
Restricted cash acquired on business combination (D)	6
Net cash and short-term deposit acquired on business combination (E=B-C-D)	118
Net cash out flow on acquisition (A-E)	5,784

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A part of the acquisitions cost may be attributed to the existing customer relationships. However, considering the energy deficit in Indian economy, the existing customer contracts at the agreed prices do not bring any additional economic benefit to the Group which requires/warrants the recognition of the customer contracts as intangible assets. Consequently, no value has been ascribed to such intangible assets.

A contingent liability at a fair value of US \$ 819 is recognised at acquisition date resulting from a claim of US \$ 500 received from Joint Director General of Foreign Trade towards the recovery of the duty draw back earlier refunded and a claim of US \$ 319 received from labour authorities under Building and Other Constructions Welfare Cess Act. The aforesaid claims are subject to legal arbitration.

Due to acquisition being completed in series of transactions, the acquisition is accounted for as a step acquisition under the provisions of IFRS 3. Accordingly, the equity interest previously held in SLPL and accounted as an investment in Joint operation, is treated as if it was disposed off and reacquired at fair value on the acquisition date. Consequently, the Group re-measured its existing 51% interest in the assets and liabilities of SLPL prior to this transaction to their fair values, recognising a loss of US \$ 5,834. The aforesaid loss of US \$ 5,834 has been arrived at by deducting the difference between US \$ 10,133 of fair value and US \$ 15,967 of carrying value (along with the goodwill of US \$ 7,015 paid on earlier acquisition). The Group recognised a bargain purchase gain of US \$ 3,833, resulting from excess fair value of the net assets acquired over the fair value of consideration paid. The net loss of US \$ 2,001 is included within general and administrative expenses in the consolidated income statement.

Since the effective date of the business combination is 31 March 2015, there are nil contribution to the revenues and loss before tax of the Group. The Group revenue and loss before tax for the year ended 31 March 2015 would have increased by US \$ 1,927 and US \$ 3,439 if the business combination had been effected at the beginning of the year.

The fair value of trade receivables amounts to US \$ 4,206. The gross amount of trade receivable is US \$ 4,206. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

Transaction cost of US \$ 1 has been expensed and is included in administrative expenses in Group's Consolidated statement of comprehensive income.

8. Subsidiaries and Joint arrangements

a. Material subsidiaries and non-controlling interest (NCI)

The Group consists of a parent Company, KSK Power Ventur plc, incorporated in the Isle of Man and a number of subsidiaries held directly and indirectly by the Group which operate and are incorporated predominantly in India. Note 1.6 to the financial statements lists details of the interests in the subsidiaries.

Non-controlling interests that are material to the Group relate to Sai Wardha Power Limited ('SWPL'), VS Lignite Power Private Limited ('VSLPPL'), Sai Regency Power Corporation Private Limited ('SRPCPL'), and KSK Mahanadi Power Company Limited ('KMPCL').

Name of subsidiary	Principal place of business	Non-controlling interest (%)	
		2015	2014
SWPL	India	40.58	34.80
VSLPPL	India	42.80	44.54
SRPCPL	India	45.56	40.27
KMPCL	India	28.76	21.52

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Profit / (loss) attributable to NCI	2015	2014
SWPL	(23,981)	(8,430)
VSLPPL	(1,902)	(177)
SRPCPL	842	1,102
KMPCL	13,756	(4,417)

Equity attributable to NCI	2015	2014
SWPL	(2,406)	24,170
VSLPPL	5,221	3,895
SRPCPL	25,781	22,790
KMPCL	154,382	91,347

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

2015	SWPL	VSLPPL	SRPCPL	KMPCL
Non-current assets	500,345	126,258	87,895	2,452,913
Current assets	90,918	31,492	30,904	348,838
Non-current liabilities	388,406	95,890	44,098	1,925,704
Current liabilities	208,786	49,661	18,113	339,253
Net assets	(5,929)	12,199	56,588	536,794
Carrying amount of NCI	(2,406)	5,221	25,781	154,382
Revenue	90,584	38,123	33,182	202,450
Profit / (loss) for the year	(74,039)	(5,873)	2,601	46,886
Other comprehensive income (OCI)	(1,344)	(482)	(2,605)	(22,280)
Total comprehensive income	(75,383)	(6,355)	(4)	24,606
Profit / (loss) attributable to NCI	(23,981)	(1,902)	842	13,756
OCI attributable to NCI	(435)	(156)	(844)	(6,537)
Cash flow from operating activities	(7,243)	12,710	14,743	39,767
Cash flow from investing activities	21,684	(347)	(28,859)	(227,252)
Cash flow from financing activities	(16,674)	(13,150)	13,918	186,690
Net decrease in cash and cash equivalents	(2,233)	(787)	(198)	(795)

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

2014	SWPL	VSLPPL	SRPCPL	KMPCL
Non-current assets	528,081	137,861	31,685	2,132,368
Current assets	138,541	32,224	84,981	320,616
Non-current liabilities	304,450	112,229	20,734	1,295,051
Current liabilities	292,718	49,110	39,340	733,460
Net assets	69,454	8,746	56,592	424,473
Carrying amount of NCI	24,170	3,895	22,790	91,347
Revenue	162,594	38,000	37,619	72,634
Profit / (loss) for the year	(33,638)	(705)	4,397	(20,527)
Other comprehensive income / (loss)	(10,040)	(832)	(4,889)	(40,436)
Total comprehensive income / (loss)	(43,678)	(1,537)	(492)	(60,963)
Profit / (loss) attributable to NCI	(8,430)	(177)	1,102	(4,417)
OCI attributable to NCI	(2,516)	(208)	(1,225)	(8,702)
Cash flow from operating activities	26,060	20,921	13,747	(8,236)
Cash flow from investing activities	11,065	(1,606)	(10,091)	4,291
Cash flow from financing activities	(34,591)	(11,548)	(3,152)	719
Net increase / decrease in cash and cash equivalents	2,534	7,767	504	(3,226)

b. Joint arrangements

The Group has entered into a joint arrangement through a separate legal entity called the Sitapuram Power Limited (SPL). SPL is engaged in the business of generation and sale of electricity in India. The Group has a 49% participating interest in the arrangement. As per the contractual terms of the agreement, the Group and other venturer jointly control the operation of SPL and has a direct share in all of the assets employed by the arrangement and is liable for its share of the liabilities incurred. The Group has therefore classified this arrangement as a joint operation and included its interests in the assets, liabilities, revenue and expenses in the appropriate line items in the Consolidated financial statement, in accordance with the accounting policy.

The Group has entered into a joint arrangement through a separate legal entity called the Sai Lilagar Power Limited (SLPL). Sai Lilagar Power Limited is engaged in the business of generation and sale of electricity in India. The Group has a 51% participating interest in the arrangement. As per the contractual terms of the agreement, the Group and other venturer jointly control the operation of SLPL and has a direct share in all of the assets employed by the arrangement and is liable for its share of the liabilities incurred. The Group has therefore classified this arrangement as a joint operation and included its interests in the assets, liabilities, revenue and expenses in the appropriate line items in the Consolidated financial statement, in accordance with the accounting policy (refer note 7).

The Group has entered into a joint arrangement through a separate legal entity called the JR Power Gen Private Limited (JRPL). JR Power Gen Private Limited is engaged in the business of generation and sale of electricity in India. The Group has a 51% participating interest in the arrangement. As per the contractual terms of the agreement, the Group and other venturer jointly control the operation of JRPL and has a direct share in all of the assets employed by the arrangement and is liable for its share of the liabilities incurred. The Group has therefore classified this arrangement as a joint operation and included its interests in the assets, liabilities, revenue and expenses in the appropriate line items in the Consolidated financial statement, in accordance with the accounting policy.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

9. Property, plant and equipment, net

The property, plant and equipment of the Group comprise:

	Land and buildings	Power stations	Mining property	Other plant and equipment	Assets under construction	Total
Cost						
As at 1 April 2013	210,970	788,834	8,504	9,558	2,345,308	3,363,174
Additions	1,662	2,632	-	627	276,389	281,310
Reclassification as assets held for sale	(678)	(17,390)	-	-	(2,005)	(20,073)
Transfer	72,307	528,660	-	13	(600,980)	-
Disposals / Adjustments	(1,163)	(333)	-	(29)	-	(1,525)
Exchange difference	(18,272)	(67,815)	(741)	(744)	(195,253)	(282,825)
As at 31 March 2014	264,826	1,234,588	7,763	9,425	1,823,459	3,340,061
As at 1 April 2014	264,826	1,234,588	7,763	9,425	1,823,459	3,340,061
Additions	1,247	31	5,424	663	410,054	417,419
Business Combination (refer note 7)	11,081	60,017	-	31	16	71,145
Transfer	173,733	1,009,392	-	-	(1,183,125)	-
Disposals/adjustments	(7,316)	(40,752)	-	(585)	(2,367)	(51,020)
Exchange difference	(11,896)	(55,463)	(348)	(423)	(87,014)	(155,144)
As at 31 March 2015	431,675	2,207,813	12,839	9,111	961,023	3,622,461
Depreciation						
As at 1 April 2013	12,898	70,024	1,508	5,294	-	89,724
Additions	5,510	36,290	492	1,497	-	43,789
Reclassification as assets held for sale	(58)	(2,087)	-	-	-	(2,145)
Disposals / adjustments	(150)	-	-	(18)	-	(168)
Exchange difference	(987)	(4,947)	(127)	(360)	-	(6,421)
As at 31 March 2014	17,213	99,280	1,873	6,413	-	124,779
As at 1 April 2014	17,213	99,280	1,873	6,413	-	124,779
Additions	7,433	49,495	477	1,192	-	58,597
Disposals / adjustments	(1,358)	(8,955)	-	(505)	-	(10,818)
Exchange difference	(951)	(5,647)	(96)	(317)	-	(7,011)
As at 31 March 2015	22,337	134,173	2,254	6,783	-	165,547
Net book value						
As at 31 March 2015	409,338	2,073,640	10,585	2,328	961,023	3,456,914
As at 31 March 2014	247,613	1,135,308	5,890	3,012	1,823,459	3,215,282

Property, plant and equipment with a carrying amount of US \$ 3,292,520 (2014: US \$ 3,018,089) is subject to security restrictions (refer note 17).

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

10. Intangible assets and goodwill

	Mining license	Goodwill	Total
Cost			
As at 1 April 2013	2,885	19,744	22,629
Disposals	-	-	-
Exchange difference	(251)	(1,718)	(1,969)
As at 31 March 2014	2,634	18,026	20,660
As at 1 April 2014	2,634	18,026	20,660
Disposals (refer note 7)	-	(7,015)	(7,015)
Exchange difference	(118)	(810)	(928)
As at 31 March 2015	2,516	10,201	12,717
Amortisation			
As at 1 April 2013	303	-	303
Additions	137	-	137
Exchange difference	(25)	-	(25)
As at 31 March 2014	415	-	415
As at 1 April 2014	415	-	415
Additions	136	-	136
Exchange difference	(22)	-	(22)
As at 31 March 2015	529	-	529
Net book value			
As at 31 March 2015	1,987	10,201	12,188
As at 31 March 2014	2,219	18,026	20,245

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

	2015	2014
J R Power Gen Private Limited	22	23
Sai Wardha Power Limited	3,745	3,923
Sitapuram Power Limited	5,276	5,524
Sai Regency Power Corporation Private Limited	1,158	1,212
Sai Lilagar Power Limited (refer note 7)	-	7,344
Total	10,201	18,026

The recoverable amount of the cash generating unit at 31 March 2015 was determined using estimated fair value in use.

The calculation was based on a discounted cash flow valuation over five years for each of the power stations, using available market information to reflect the amount that the Group estimates that it could have obtained, at the reporting date.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

Key assumptions used in value-in-use calculations:

The calculation of value-in-use for the cash generating units is most sensitive to the following key assumptions:

- electricity prices;
- projected output;
- fuel costs;
- other operating costs and investment;
- growth and discount rates

The Group's approach in determining the key assumptions was as follows:

- Electricity prices were based on contracted prices for electricity. Projected output was based on expected levels of output over the expected operating lives of the power stations using the Group's own engineering projections which considered historical performance, plant degradation, plant maintenance activity and investment, and allowances for scheduled timings of outages.
- Fuel costs were based on contracted and projected commodity prices, for coal and gas fuel, and using the Group's own engineering projections for consumption having considered historical consumption data and projected plant performance.
- Other operating costs and investment was estimated using the Group's own engineering projections, where relevant, and having considered historical performance, plant degradation, plant maintenance activity and investment. The estimates of other operating costs and investment used in the discounted cash flow projection were consistent with those used in the Group's three year business plan. In subsequent periods the growth rate applied to other operating costs fully reflects the expected operating lives of the power stations.
- Growth rates are based on published industry research. The discount rate reflects the current market assessment of the risks specific to the cash generating units. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry.

The following growth and discount rates have been considered for the purpose of the impairment testing:

	2015	2014
Growth rate	3.00%	3.00%
Discount rate (pre tax)	12.15%	11.01%

With regard to the assessment of value of the cash generating unit, the Group is of the opinion that based on current knowledge; reasonably possible changes in any of the above key assumptions would not cause the carrying value to exceed the recoverable amount.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

11. Investments and other financial assets

	Consolidated		Company	
	2015	2014	2015	2014
Current				
Financial assets at fair value through profit or loss				
- held-for-trading	2,589	130	-	-
Loans and receivables	28,724	72,333	27	4
Loans to and receivables from Joint Venture partner	-	777	-	-
	31,313	73,240	27	4
Non-current				
Financial assets at fair value through profit or loss				
- Derivative assets	49,702	50,196	-	-
Available-for-sale investments	19,155	22,865	-	-
Deposit with banks	8,102	10,953	-	-
Loans and receivables	37,688	39,336	5,100	5,660
Loans to and receivables from Joint Venture partner	15,844	31,227	-	-
Loans to and receivable from subsidiaries	-	-	171,676	133,873
Investment in subsidiaries	-	-	227,126	227,234
	130,491	154,577	403,902	366,767
Total	161,804	227,817	403,929	366,771

Financial assets at fair value through profit or loss

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

Available-for-sale investment

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

Deposit with banks

This represents the deposits with the bank with the maturity term of more than twelve months from the reporting date.

Derivative assets

A derivative asset includes currency option contracts and currency forward contracts carried at fair value. Fair value of currency option is determined by independent valuer which is the counterparty in the contracts. Fair value of currency forward is determined by mark to market value of forward on the date of financial position.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

Loans and receivables

This primarily includes inter-corporate deposits of US \$ 7,852 (2014: US \$ 9,941), deferred loan origination costs US \$ Nil (2014: US \$ 4,424), security deposit US \$ 40,809 (2014: US \$ 51,206), advance for investments US \$ 2,492 (2014: US \$ 2,610) and other financial assets US \$ 15,259 (2014: US \$ 43,488).

Loans to and receivables from Joint Venture partner

This primarily includes the investment in debentures in the joint operations, inter corporate deposit to joint operations and redeemable preference share capital held in the joint operations.

Loans to and receivable from subsidiaries

Loans to and receivable from subsidiary represents inter-corporate deposits given by the Company to its wholly owned subsidiaries.

Investment in subsidiaries

Investment primarily includes unquoted investments in subsidiaries in the Company financial statements. The Company has invested in 139,244,601 equity shares (2014: 139,244,601) in KEL, 12,000 equity shares (2014: 12,000) in KASL, 100,000,000 equity shares (2014: 100,000,000) in KGPP, 84,146,843 equity shares (2014: 84,146,843) in KGEPL and 1 equity share (2014: 1) in KSVP totalling to US \$ 227,126 (2014: US \$ 227,234).

Investment and other financial assets amounting to US \$ 113,076 (2014: US \$ 177,207) for the Group is subject to security restrictions (refer note 17).

Impairment of financial assets

During the year ended 31 March 2015, the Group's available-for-sale financial asset of US \$ 693 (2014: US \$ 2,986) and loans and receivable of US \$ 25,095 (2014: US \$ 1,657) were collectively impaired.

During the year ended 31 March 2015, the Company's loans and receivable of US \$ Nil (2014: US \$ 335) were collectively impaired and written off.

12. Other assets

	Consolidated		Company	
	2015	2014	2015	2014
Current				
Advance to suppliers	27,591	8,494	-	-
Prepayments	7,577	8,904	320	382
Income tax receivable	3,587	3,080	-	-
Other receivables	1,704	2,210	-	9
	40,459	22,688	320	391
Non-current				
Development of mineral assets (Refer note 30)	41,231	42,254	-	-
Prepayments	28,320	27,346	-	-
Income tax receivable	12,245	11,057	-	-
Other receivables	20,850	17,804	-	-
	102,646	98,461	-	-
Total	143,105	121,149	320	391

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

13. Trade and other receivables

	2015	2014
Current		
Trade receivables	142,806	144,605
Unbilled revenue	627	452
Interest accrued	10,779	13,082
	154,212	158,139
Non-current		
Trade receivables	1,983	2,842
Interest accrued	862	580
	2,845	3,422
Total	157,057	161,561

Trade receivables are non-interest bearing and are generally due within 7-30 days terms. Trade receivable and unbilled revenue of US \$ 145,416 (2014: US \$ 147,899) have been pledged as security for borrowings (refer note 17). During the year ended 31 March 2015, trade and other receivables of an initial value of US \$ 3,555 (2014: US \$ 3,029) were impaired and provided for.

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

	2015	2014
Opening balance	5,918	6,571
Impairment loss recognised	3,555	3,029
Reversal of impairment loss recognised	-	(81)
Amount written off	(4,108)	(3,029)
Exchange difference	(253)	(572)
Closing balance	5,112	5,918

The age analysis of the overdue (net) trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			< 90 days	90-180 days	> 180 days
2015	144,789	65,817	34,250	1,644	43,078
2014	147,447	56,513	29,650	11,192	50,092

Trade receivables disclosed above include amounts which are past due at the reporting date and are still considered recoverable since, there has not been a significant change in credit quality.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

14. Inventories

	2015	2014
Fuel (at cost)	13,983	6,921
Stores and spares (at cost)	18,260	17,449
Others	210	218
Total	32,453	24,588

Inventory of US \$ 32,453 (2014: US \$ 24,588) for the Group is subject to security restrictions (refer note 17).

15. Cash and short-term deposits

Cash and short-term deposits comprise of the following:

	Consolidated		Company	
	2015	2014	2015	2014
Cash at banks and on hand	40,730	55,810	1,065	173
Short-term deposits	157,266	138,244	-	-
Total	197,996	194,054	1,065	173

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

The Group has pledged its short-term deposits amounting US \$ 157,239 (2014: US \$ 136,233) in order to fulfil collateral requirements (refer note 17).

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

	Consolidated		Company	
	2015	2014	2015	2014
Cash at banks and on hand	40,730	55,810	1,065	173
Short-term deposits	157,266	138,244	-	-
Total	197,996	194,054	1,065	173
Less: Restricted cash ¹	(157,263)	(138,120)	-	-
Cash and cash equivalent	40,733	55,934	1,065	173

¹Include deposits pledged for availing credit facilities from banks and deposits with maturity term of three months to twelve months.

16. Issued share capital

Share capital

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

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

The Company has an authorised share capital of 500,000,000 equity shares (2014: 500,000,000) at par value of US \$ 0.002 (£ 0.001) per share amounting to US \$ 998. The issued and fully paid up number of shares of the company is 175,308,600 (2014: 175,308,600). During the year the company has not issued/ bought back any ordinary share.

During the previous year, the Company has raised US \$ 33,327 (net of share issue expenses of US \$ 755) by way of a placing of 15,930,000 equity shares of US \$ 0.002 (£0.001) each with the parent company and institutional investors at a premium of US \$ 2.14 (£ 1.299) per share. The placing shares rank pari-passu in all respects with the other ordinary shares including the right to receive all dividends and other distributions.

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

Reserves

Share premium represents the amount received by the Group over and above the par value of shares issued. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax consequences.

Revaluation reserve comprises gains and losses due to the revaluation of previously held interest of the assets acquired in a business combination.

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

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

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

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

17. Loans and borrowings

The loans and borrowings comprise of the following:

	Interest rate (range %)	Final Maturity	Consolidated		Company	
			2015	2014	2015	2014
Long-term "project finance" loans	3.00 to 17.25	June-2028	2,760,503	2,153,328	-	-
Short-term loans	0.00 to 15.00	March-2016	168,273	230,856	64,564	12,177
Buyers' credit facility	0.47 to 3.30	March-2016	148,687	372,892	49,681	49,851
Cash credit and other working capital facilities	12.00 to 16.00	March-2016	111,305	99,823	-	-
Redeemable preference shares	0.01 to 15.00	January-2029	11,564	17,591	-	-
Debentures	0.01 to 17.00	March-2025	44,217	14,186	-	-
Total			3,244,549	2,888,676	114,245	62,028

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

Total debt of US \$ 3,244,549 (2014: US \$ 2,888,676) comprised:

- Long-term "project finance" loans of the Group amounting US \$ 2,760,503 (2014: US \$ 2,153,328) is fully secured on the property, plant and equipment and other assets of subsidiaries and joint operations that operate power stations, allied services and by a pledge over the promoter's shareholding in equity and preference capital of some of the subsidiaries and joint operations and corporate guarantee provided by the Company.
- The short term loans taken by the Group are secured by the corporate guarantee provided by the Company, fixed deposits of the Group and by pledge of shares held in the respective entities.
- Buyer's credit facility is secured against property, plant and equipment and other assets on pari-passu basis, pledge of fixed deposits and corporate guarantee of KEVL. These loans bear interest at LIBOR plus 25 to 300 basis points.
- A number of the facilities that are due to expire at 31 March 2016 are in the process of being extended and have rollover clause in a number of cases.
- Cash credit and other working capital facilities are fully secured against property, plant and equipment and other assets on pari-passu basis with other lenders of the respective entities availing the loan facilities.
- Redeemable preference shares are due for repayment in 0-14 years.
- Debentures are secured on the property, plant and equipment and other assets of subsidiaries that operate power stations, allied services and by a pledge over the promoter's shareholding in equity capital of some of the subsidiaries.

Long-term "project finance" loan contains certain restrictive covenants for the benefit of the facility providers and primarily requires the Group to maintain specified levels of certain financial ratios and operating results. The terms of the other borrowings arrangements also contain certain restrictive covenants primarily requiring the Group to maintain certain financial ratios. As of 31 March 2015, the Group has complied with the relevant significant covenants.

As at 31 March 2015, the Group has available US \$ 710,417 of undrawn long term committed borrowing facilities.

The fair value of borrowings at 31 March 2015 was US \$ 3,244,549 (2014: US \$ 2,888,676). The fair values have been calculated by discounting cash flows at prevailing interest rates.

The interest-bearing loans and borrowings mature as follows:

	Consolidated		Company	
	2015	2014	2015	2014
Current liabilities				
Amounts falling due within one year	521,953	944,750	114,245	62,028
Non-current liabilities				
Amounts falling due after more than one year but not more than five years	1,087,518	982,475	-	-
Amounts falling due in more than five years	1,635,078	961,451	-	-
Total	3,244,549	2,888,676	114,245	62,028

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

18. Other financial liabilities

	2015	2014
Current		
Option premium payable	5,506	5,020
Forward exchange forward contracts	453	53
	5,959	5,073
Non-Current		
Option premium payable	22,099	27,148
Interest rate swaps	4,763	1,045
	26,862	28,193
Total	32,821	33,266

19. Trade and other payables

	Consolidated		Company	
	2015	2014	2015	2014
Current				
Trade payable	90,306	92,874	1,372	1,486
Other payable	196,650	232,790	-	-
Share application money	-	4,435	-	-
Interest payable	82,634	70,361	-	-
	369,590	400,460	1,372	1,486
Non-current				
Trade payable	32,642	51,110	-	-
Other payable	14,939	-	-	-
	47,581	51,110	-	-
Total	417,171	451,570	1,372	1,486

Trade payables are non-interest bearing and are normally settled on 45 days terms.

- Non-current trade payables are non-interest bearing and will be settled in 1-5 years.
- Share application money represents application money paid by investor/customers for subscribing to equity/preference shares in subsidiaries as at the reporting date.
- Interest payable is normally settled monthly throughout the financial year.
- Other payable mainly includes payable against acquisition of capital asset.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

20. Provisions

	Decommissioning and restoration costs	Contingent liability	Total
Non-current			
As at 1 April 2013	2,541	-	2,541
Unwinding of discount	172	-	172
Exchange difference	(219)	-	(219)
As at 31 March 2014	2,494	-	2,494
As at 1 April 2014	2,494	-	2,494
Business combination (refer note 7)	(170)	819	649
Unwinding of discount	183	-	183
Exchange difference	(116)	-	(116)
As at 31 March 2015	2,391	819	3,210

A provision has been recognised for decommissioning and restoration costs associated with construction of a power plant. The unwinding of the discount on the decommissioning provision is included as a finance costs and the discount rate assumed is 7.5% (2014: 7.5%).

21. Deferred revenue

	2015	2014
Opening balance	5,714	9,331
Transferred to the revenue	(2,269)	(501)
Transferred to the other operating income	(111)	(124)
Deemed disposal	-	(2,175)
Exchange difference	(200)	(817)
Closing balance	3,134	5,714
Current	310	740
Non-current	2,824	4,974
	3,134	5,714

Deferred revenue represents:

- Contributions from captive consumers of SWPL, towards preference shares which are redeemable at Rs 1/- at the end of tenure of agreement
- Contributions from captive consumers of SRPCPL and VSLPPL towards security deposit adjustable over the period as per the terms of the relevant agreement.

Captive Consumers are the consumers who, subject to availability of necessary open access, purchase power of more than 51% in aggregate from a dedicated facility, where the Group have entered into a long term supply contract.

The amounts received are in the nature of non-refundable contribution which has been recognised as deferred revenue in the Consolidated statement of financial position and transferred to the Consolidated income statement on a systematic and rational basis over the term of the relevant agreements.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

22. Employee benefit liability

a. Gratuity

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit retirement plan ('The Gratuity Plan') covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment of amounts that are based on salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.

The following tables summarises the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the statement of financial position for the plan:

A. Net benefit liability

	2015	2014
Defined benefit obligation	1,713	1,329
Fair value of plan assets	(1,093)	(889)
Benefit liability¹	620	440

B. Changes in the present value of the defined benefit obligation are as follows

	2015	2014
Defined benefit obligation as at the beginning of the year	1,329	1,876
Included in Consolidated income statement		
Current service cost	500	422
Past service cost	-	2
Interest cost	102	129
	602	553
Included in Consolidated other comprehensive income		
Re-measurement loss / (gain)		
Actuarial (gains) on obligation	(79)	(859)
Exchange differences	(74)	(169)
	(153)	(1,028)
Others		
Change in controlling stake (Refer note 7)	41	-
Benefits paid	(106)	(72)
	(65)	(72)
Defined benefit obligation as at the end of the year	1,713	1,329

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

C. Changes in the fair value of plan assets are as follows

	2015	2014
Fair value of plan assets		
Fair value of plan assets beginning of the year	889	869
Included in Consolidated income statement		
Interest income	81	68
	81	68
Included in other comprehensive income		
Re-measurement loss / (gain)		
Return on plan asset (excluding amounts included in net interest expense)	15	-
Exchange differences	(63)	(73)
	(48)	(73)
Others		
Change in controlling stake (Refer note 7)	29	-
Contributions	248	97
Benefits paid	(106)	(72)
	171	25
Fair value of plan assets end of the year	1,093	889

D. Net defined benefit liability (asset)

	2015	2014
Balance	440	1,007
Included in Consolidated income statement		
Current service cost	500	422
Past Service Cost - vested benefits	-	2
Interest cost	21	61
	521	485
Included in Consolidated other comprehensive income		
Re-measurement loss / (gain)		
Actuarial (gains) on obligation	(94)	(859)
Exchange differences	(11)	(96)
	(105)	(955)
Others		
Change in controlling stake (Refer note 7)	12	-
Contributions by employer	(248)	(97)
	(236)	(97)
Defined benefit obligation as at the end of the year	620	440

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

E. The principal assumptions used in determining the obligation towards the Group's plan as shown below:

	2015	2014
Discount rate	7.77%	8.75%
Rate of increase in compensation levels	10.00%	10.00%

¹ Represents net of benefit asset of US \$ 91 (2014: US \$ 55).

The plan assets comprise debt and equity securities through a scheme of cash contribution for a scheme of insurance taken with Life Insurance Corporation of India ('Insurer'), a Government of India undertaking, which is a qualified insurer. The details of the individual category of investments that comprise of the total plan assets have not been provided by the insurer.

Discount rate: The discount rate of 7.77% (2014: 8.75%) is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Rate of increase in compensation levels: Rate of increase in compensation is expected to be 10% (2014: 10%). The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

b. Defined contribution plan

In addition to the above, eligible employees receive benefits from a provident fund, a defined contribution plan. The employee and the employer make monthly contributions each to the plan at a specified percentage of the covered employees' salary to a Government recognised provident fund upon retirement or separation, an employee becomes entitled for a lump sum benefit, which is paid directly to the concerned employee by the fund. The Group contributed US \$ 353 to the provident fund during the year ended 31 March 2015 and US \$ 214 during the year ended 31 March 2014.

The Group does not have any further obligation to the provident fund beyond making such contributions.

c. Share based payment

The Group operates share option scheme, where by options is granted to non - executive director at the grant price subject to continuation in office for a period of three years. Grant shares are exercisable within 49 months from the date of grant. Grants are exercisable at the end of each year ending 31 March 2016 and 31 March 2017.

Option pricing:

For the purposes of valuing options and awards to arrive at the share based payment charge, the Black-Scholes option pricing model has been used. The assumptions used in the model for the year is as follows

Particular	2015	2014
Risk free interest rate	1.87%	1.87%
Volatility	18.19%	18.19%
Expected lives of options granted	49 months	49 months
Grant date fair value	1.45	1.45
Exercise price	1.30	1.30

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

Assumptions

- Volatility is determined based on the share price history.
- The fair value of share plan grants take into account market conditions.
- Expected lives of option were determined based on the agreement entered.

The number and weighted average exercise prices of share options

	2015		2014	
	Number	Exercise price	Number	Exercise price
Outstanding at the beginning of the year	350,000	GBP 1.30	-	-
Granted during the year	-	-	350,000	GBP 1.30
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year*	350,000	GBP 1.30	350,000	GBP 1.30
Exercisable at the end of the year	116,667	GBP 1.30	-	-

* Weighted average contractual life of the option is 23 months

Options become exercisable after the end of each vesting period (beginning from 1 March 2015 and ending on 31 March 2017) but before the beginning of the next vesting period cycle. The unexercised options are carried forward to the next vesting cycle up to 31 March 2018.

Option exercisable

Particular	Number of shares	Weighted exercise price
As at 31 March 2015	116,667	GBP 1.30
As at 31 March 2014	-	-

Total expenses recognised in the income statement for the year ending 31 March 2015 is US \$ 112 (2014: US \$ 10) arising from share based payment transactions.

Number of shares issued under share option scheme

	2015	2014
Number of shares	350,000	350,000
Nominal value	GBP 0.001	GBP 0.001
Carrying value	GBP 1.30	GBP 1.30
Market value	GBP 0.43	GBP 1.45

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

23. Segment information

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

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

- Power generating activities and
- Project development activities

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

2015	Project development activities	Power generating activities	Reconciling / Elimination activities	Consolidated
Revenue				
External customers	105	382,202	-	382,307
Inter-segment	7,010	-	(7,010)	-
Total revenue	7,115	382,202	(7,010)	382,307
Segment operating results	5,272	40,792	52	46,116
Unallocated operating expenses, net				(5,552)
Finance costs				(219,810)
Finance income				19,135
Loss before tax				(160,111)
Tax income				91,204
Loss after tax				(68,907)
Segment assets	9,873	4,005,623	(1,742)	4,013,754
Unallocated assets				275,867
Total assets				4,289,621
Segment liabilities	438	320,007	(1,742)	318,703
Unallocated liabilities				3,417,817
Total liabilities				3,736,520
Other segment information				
Depreciation and amortisation	126	58,528	79	58,733
Capital expenditure	21	417,194	204	417,419

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

2014	Project development activities	Power generating activities	Reconciling / Elimination activities	Consolidated
Revenue				
External customers	842	335,024	-	335,866
Inter-segment	7,097	-	(7,097)	-
Total revenue	7,939	335,024	(7,097)	335,866
Segment operating results	5,885	55,748	157	61,790
Unallocated operating expenses, net				(3,763)
Finance costs				(165,969)
Finance income				35,819
Loss before tax				(72,123)
Tax income				13,106
Loss after tax				(59,017)
Segment assets	12,901	3,790,232	(2,286)	3,800,847
Unallocated assets				215,574
Total assets				4,016,421
Segment liabilities	5,372	365,554	(2,286)	368,640
Unallocated liabilities				3,065,508
Total liabilities				3,434,148
Other segment information				
Depreciation and amortisation	220	43,606	100	43,926
Capital expenditure	34	281,181	95	281,310

Notes to segment reporting:

- Inter-segment revenues are eliminated on consolidation.
- Profit / (loss) for each operating segment does not include finance income and finance costs of US \$ 19,135 and US \$ 219,810 respectively (2014: US \$ 35,819 and US \$ 165,969 respectively).
- Segment assets do not include deferred tax US \$ 128,104 (2014: US \$ 33,269), financial assets and other investments US \$ 103,263 (2014: US \$ 128,277), short-term deposits with bank and cash US \$ 15,428 (2014: US \$ 5,173), and corporate assets US \$ 29,072 (2014: US \$ 48,855).
- Segment liabilities do not include deferred tax US \$ 33,777 (2014: US \$ 31,567), current tax payable US \$ 1,147 (2014: US \$ 1,910), loans and borrowings US \$ 3,244,549 (2014: US \$ 2,888,676), derivative liabilities US \$ 32,821 (2014: US \$ 33,266) and corporate liabilities US \$ 105,523 (2014: US \$ 110,089).
- The Company operates in one business and geographic segment. Consequently no segment disclosures of the Company are presented.
- One customer in the power generating segment contributes revenues of US \$ 196,893 accounting for 51.52% of the total segment revenue. (2014: Two customers in the power generating segment contributing revenues of US \$ 239,163 accounted for 71.39% of the total segment revenue).

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

24. Depreciation, amortisation, impairment of financial and other assets, costs of inventories, employee benefit expense and auditor's remuneration included in the Consolidated and Company income statement

(a) Depreciation, amortisation, impairment of financial and other assets and costs of inventories included in the Consolidated income statement

	2015	2014
Included in cost of revenue:		
Fuel costs	194,637	179,260
Depreciation	49,937	36,738
Amortisation of intangible asset	136	137
Included in general and administrative expenses:		
Depreciation	8,660	7,051
Impairment of financial and other assets	31,070	6,082

(b) Employee benefit expenses

	Consolidated		Company	
	2015	2014	2015	2014
Salaries and wages	19,065	18,830	467	215
Employee benefit costs	894	410	-	-
Others	1,614	1,436	-	-
Total	21,573	20,676	467	215
Less: Amount capitalised	(10,766)	(13,101)	-	-
Net employee benefit expense	10,807	7,575	467	215

The employee benefit expenses of the Group form part of the cost of revenues amounting US \$ 7,264 (2014: US \$ 5,242) and general and administrative expenses amounting US \$ 3,543 (2014: US \$ 2,333).

The employee benefit expenses in the Company financial statements amounting to US \$ 467 (2014: US \$ 215) forms part of the general and administrative expenses.

(c) Auditor's remuneration for audit services amount to US \$ 198 (2014: US \$ 202) (including out of pocket expenses).

25. Other operating income

Other operating income comprises:

	2015	2014
Income from management fees	253	259
Gain on disposal of property, plant and equipment, net	-	352
Claims received ¹	8,090	5,850
Deferred revenue amortisation	111	-
Other operating income	942	603
Total	9,396	7,064

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

¹ Claims received includes an amount of US \$ 7,952 (2014: US \$ Nil) towards loss of profit and others received from an Engineering, Procurement and Construction (EPC) contractor.

26. Finance costs

Finance costs comprise:

	Consolidated		Company	
	2015	2014	2015	2014
Interest expenses on loans and borrowings ¹	158,361	94,974	1,381	761
Other finance costs	19,864	15,287	1,519	2,481
Impairment of financial assets ²	693	2,986	-	-
Net loss on financial instrument at fair value through profit or loss ³	4,355	-	560	-
Foreign exchange loss, net	34,281	51,153	258	477
Net loss on held-for-trading financial assets on disposal	-	1	-	-
Unwinding of discounts	2,256	1,568	-	-
Total	219,810	165,969	3,718	3,719

¹ Borrowing cost capitalised during the year amounting to US \$ 240,579 (2014: US \$ 274,243) to property, plant and equipment at an effective interest rate of 14.53% (2014: 14.39%).

² Impairment of financial assets relates to available-for-sale financial asset of US \$ 693 (2014: US \$ 2,986).

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

27. Finance income

The finance income comprises:

	Consolidated		Company	
	2015	2014	2015	2014
Interest income				
bank deposits	14,155	17,405	-	-
loans and receivables	2,531	4,031	-	-
Dividend income	297	120	-	-
Net gain on held-for-trading financial assets on disposal	3	-	-	-
on re-measurement	32	13	-	-
Unwinding of discount on security deposits	2,073	1,395	-	-
Net gain on financial instrument at fair value through profit or loss ¹	-	12,855	-	560
Gain on available-for- sale financial assets disposed	44	-	-	-
Total	19,135	35,819	-	560

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

¹Net gain on financial instrument at fair value through profit or loss above relates to foreign exchange forward contracts, currency options and interest rate swap that did not qualify for hedge accounting.

28. Tax income / (expense)

The major components of income tax for the period ended 31 March 2015 and 31 March 2014 are:

	2015	2014
Current tax	(1,490)	(2,731)
Deferred tax	92,694	15,837
Tax income reported in the income statement	91,204	13,106

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 2015 and 31 March 2014 is as follows:

	2015	2014
Accounting losses before taxes	(160,111)	(72,123)
Enacted tax rates	33.99%	33.99%
Tax income on loss at enacted tax rate	54,422	24,515
Expenditure not deductible for tax purpose	(1,992)	(2,161)
Income exempt or taxed at lower rate	1,564	3,298
Unrecognised deferred tax assets	(15,778)	(7,900)
Change in unrecognised temporary differences	(16,979)	(4,818)
Investment allowance under Indian Income Tax Act	68,938	-
Recognition of previously unrecognised tax losses	-	965
Others	1,029	(793)
Actual tax income	91,204	13,106

The Company is subject to Isle of Man corporate tax at the standard rate of zero percent. As such, the Company's tax liability is zero. Additionally, Isle of Man does not levy tax on capital gains. However, considering that the Group's operations are based in India, the effective tax rate of the Group has been computed based on the current tax rates prevailing in India. Further, a substantial portion of the profits of the Group's Indian operations are exempt from income tax under the tax holiday period available to the Group which is available for companies in the power generation sector in India. The said exemption can be utilised for any ten consecutive years out of the fifteen years from the date of commencement of the operations and results in no tax being payable in respect of that ten year period other than the Minimum Alternative Tax (MAT) payable on book profits which is available as credit against future tax.

Shareholders resident outside the Isle of Man will not suffer any income tax in the Isle of Man on any income distributions to them. Further, dividends are not taxable in India in the hands of the recipient. However, the Group will be subject to a "dividend distribution tax" currently at the rate of 17.647% (plus applicable surcharge and cess) on the total amount distributed as dividend.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

As per Indian tax laws, companies are liable for a Minimum Alternative Tax when current tax computed under normal provisions of the Income Tax Act, 1961 ("Tax Act") is determined to be below the current minimum tax computed under section 115JB of the Tax Act. The Group has carried forward credit in respect of MAT liability paid to the extent it is probable that future taxable profit will be available against which such tax credit can be utilised. Such credit is eligible to be carried forward and set-off against the future tax liabilities over a period of 10 years.

Deferred income tax at 31 March 2015 and 31 March 2014 relates to the following:

	2015	2014
<i>Deferred income tax assets</i>		
Property, plant and equipment	4,554	3,893
Unused tax losses carried forward	230,186	90,778
MAT credit	9,961	9,480
Others	3,922	2,270
	248,623	106,421
<i>Deferred income tax liabilities</i>		
Property, plant and equipment	151,778	105,206
Others	2,518	4,494
	154,296	109,700
Less: Reclassified as liability associated with assets held for sale	-	(4,981)
	154,296	104,719
Deferred income tax asset, net	94,327	1,702

Reconciliation of deferred tax (asset) / liability, net

	2015	2014
Opening balance	1,702	(20,336)
Deferred tax income during the year recognised in the income statement	92,694	15,837
Deferred tax Income during the year recognised in other comprehensive income	1,063	(561)
Business combination (refer note 7)	1,199	-
MAT credit adjustment	-	(128)
Reclassified to held for sale	-	4,981
Exchange difference	(2,331)	1,909
Closing balance	94,327	1,702

In assessing the realisability of the deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of the deferred income tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realise the benefits of those recognised deductible differences and tax loss carry forwards. The amount of deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income are reduced.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

The Group has tax losses in certain entities which arose in India of US \$ 56,246 (2014: US \$ 41,174) that are available for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have been loss-making for some time. The Group evaluated and concluded that it is not probable that deferred tax assets on existing tax losses will be recovered. The subsidiaries have no taxable temporary differences available that could partly support the recognition of these losses as deferred tax assets. If the Group were able to recognise all unrecognised deferred tax assets, loss would decrease by US \$ 19,421 (2014: US \$ 13,949). The above tax losses expire at various dates ranging from 2017 to 2023.

There are certain claims / expenses amounting to US \$ 30,250 which are disputed with the Income Tax department having a tax impact of US \$ 10,469. The Group believes that such claims / expenses are allowable as per the provision of Income Tax Act, 1961 and there should not be any material impact on the Consolidated financial statement

As at 31 March 2015 and 31 March 2014, there was no recognised deferred tax liability that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint operations

- i. the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future; and
- ii. the Group controls the dividend policy of the joint operations. The Group has determined that undistributed profits of its joint operations will not be distributed in the foreseeable future.

The temporary differences associated with investments in subsidiaries and joint operations, for which deferred tax liability has not been recognised aggregate to US \$ 165,804 (2014: US \$ 142,026).

29. Related party transactions

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

For detail list of subsidiaries and joint operations refer note 1.6

Key management personnel and their relatives (KMP):

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

*Resigned with effect from 03 November 2014.

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

Particulars	Consolidated						Company					
	2015			2014			2015			2014		
	Joint opera- -tions	Parent / GUP	KMP	Joint opera- -tions	Parent / GUP	KMP	Subsi- -diaries	Parent / GUP	KMP	Subsi- -diaries	Parent / GUP	KMP
Transactions^{1,2}												
Corporate support services fees	105	-	-	106	-	-	-	-	-	-	-	-
Interest income	1,341	-	-	2,650	-	-	-	-	-	-	-	-
Interest expense	-	-	-	10	-	-	-	-	-	-	-	-
Sale of material	-	-	-	1,313	-	-	-	-	-	-	-	-
Capacity charges paid	6,736	-	-	2,368	-	-	-	-	-	-	-	-
Inter-corporate deposits and loans given	9,638	56	-	31,157	-	-	45,993	24	-	44,340	-	-
Inter-corporate deposits and loans refunded	514	65	-	23,335	-	-	-	-	-	-	-	-
Loan taken	1,036	-	-	1,526	-	-	62,635	-	-	77	-	-
Repayment of loan taken	-	-	-	19	-	-	-	-	-	-	-	-
Receipt of share application money	-	-	-	-	18,000	-	-	-	-	-	18,000	-
Refund of share application money	-	1,502	-	-	-	-	-	1,502	-	-	-	-
Issue of shares	-	-	-	-	20,300	-	-	-	-	-	20,300	-
Investment in subsidiaries	-	-	-	-	-	-	-	-	-	84,147	-	-
Equity-settled share based payment	-	-	112	-	-	10	-	-	112	-	-	10
Managerial remuneration ³	-	-	710	-	-	541	-	-	355	-	-	211
Balances^{1,2}												
Interest receivable	3,859	-	-	3,586	-	-	-	-	-	-	-	-
Interest payable	-	-	-	9	-	-	-	-	-	-	-	-
Loans and inter corporate deposits receivable	15,844	976	-	32,004	1,034	-	171,676	22	-	133,873	-	-
Loans payable	-	-	-	-	-	-	62,955	-	-	80	-	-
Other receivable	18	-	-	769	-	-	-	-	-	-	-	-
Other payable	2,464	-	-	1,521	-	-	-	-	-	-	-	-
Guarantees given	143	-	-	150	-	-	432,097	-	-	483,110	-	-
Managerial remuneration payable ³	-	-	83	-	-	131	-	-	74	-	-	86

¹The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period end are unsecured, interest-bearing in case of loans and inter-corporate deposits and non-interest bearing in case of other loans and advances and settlement occurs in cash. For the year ended 31 March 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2014: US \$ Nil). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

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

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

30. Commitments and contingencies

Operating lease commitments

The Group has entered into a number of operating leases for land and office facilities. The leases typically run for a period of 1 to 99 years, with and without an option to renew the lease after that date. None of the leases includes contingent rentals.

During the year ended 31 March 2015, US \$ 1,156 (2014: US \$1,269) is recognised as an expense in respect of operating leases.

Capital commitments

As at 31 March 2015, the Group is committed to purchase property, plant and equipment for US \$ 1,300,892 (2014: US \$ 1,589,164). In respect of its interest in joint operations the Group is committed to incur capital expenditure of US \$ 51 (2014: US \$1,153).

Other commitments

As of 31 March 2015, the Group has contractual obligations to spend approximately US \$ 1,493,253 (2014: US \$ 965,791); under purchase obligations which include commitments to purchase a minimum quantity of fuel under the terms of the agreement with the fuel supplier.

However, the Group believes that the obligation to purchase of a minimum quantity of the fuel may not apply in case of reduction in requirement to supply power to its customers.

Legal and other claim

- Sitapuram Power Limited (SPL) had certain claims and receivables from its captive consumer namely Zuari Cement Limited (ZCL) which were disputed. During the year, both the parties have mutually settled the claim and the Group has written off the net amount of US \$ 782 pursuant to the settlement and have received the entire balance amount outstanding from the captive customer.
- Sai Lilagarh Power Limited (SLPL) had certain claims and receivables from its captive consumer namely Lafarge India Private Limited (LIPL) which were disputed. LIPL had made certain claims and the Group has given reply challenging

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the claims and made various counter claims. During the year, both the parties have mutually settled the claim and the Group has recognised a net gain of US \$ 603 pursuant to the settlement. Further LIPL has transferred its entire shareholding in the company to the Group and therefore SLPL has become a 100% subsidiary of the Group during the year.

- Sai Wardha Power Limited (SWPL) had certain claims and receivables amounting to US \$ 14,730 from its customer namely Reliance Infrastructure Limited (RIL) relating to capacity charges and change in law which were disputed. During the year, both the parties have mutually settled the claim and the Group has received an amount of US \$ 15,157 pursuant to the settlement against all the outstanding claims.
- The Group has received claims for US \$ 9,917 (2014: US \$ 10,624) from Joint Director General of Foreign Trade (DGFT) towards the recovery of the duty drawbacks, earlier refunded. The Group had earlier made claims for the refund of the duties paid on the machinery and other items purchased for the construction of the power projects under the scheme of deemed export benefit, which were accepted and refunds were granted. The communications from the DGFT regarding the recovery of the duties paid are based on the interpretations by the Policy Interpretation Committee held on 15 March 2011. The Group contends that the above change in interpretation requires an amendment to the foreign trade policy to be legally enforceable in law. Since, no such amendment can be made with retrospective effect, the Group believes that outcome of the above dispute would be in favour of the Group and there would be no material impact on the financial statements.
- SWPL filed a claim against Maharashtra State Electricity Distribution Company Limited (MSEDCL) towards recovery of the amount withheld against supply of energy under Power Purchase Agreement (including penalty on such amount) amounting to US \$ 11,636 (2014: US \$ 11,434). The facility required for generation of an agreed quantum of power was not ready as per an agreed schedule on account of unexpected factors beyond the control of the Group, the Group proposed to MSEDCL an arrangement to secure the energy from alternate supplies for the short quantity required to meet the obligation under the power purchase agreement. MSEDCL accepted the proposal and also confirmed that the energy supplied from alternate sources will also be subject to the tariff agreed under the power purchase agreement. However, after initial payments for the period April to June 2010, starting July 2010 to October 2010, MSEDCL did not settle the entire dues billed and the certain amounts were withheld without any explanation. The Group contended before Maharashtra Electricity Regulatory Commission (MERC) that since the energy supplied and billed was as per the terms agreed and the similar bills of earlier months were paid by MSEDCL, there is no cause to withhold the payments. However, MERC has dismissed the petition. The group has filed an appeal before Appellate Tribunal for Electricity (APTEL) against the order of MERC and APTEL also rejected the appeal. The Group has filed an appeal before Honourable Supreme Court of India. Pending adjudication, the Group believes that the final outcome of the above dispute would be in favour of the Group and there would be no material impact on the financial statements.
- SWPL has lodged a claim under the Coal Supply Agreement relating to quality and price on Western Coalfields Limited (WCL), the coal supplier, which was rejected by the latter. Aggrieved by the same, the Group has filed petition with Competition Commission of India (CCI), relating to abuse of dominant position by WCL and Coal India Limited (CIL). The abuse relates to Pricing of Coal under the Fuel Supply Agreement and supply of lower quality coal. Having found prima facie case of abuse by WCL and CIL, the Commission, on 22 January 2014, ordered an investigation of the case by the Director General. Subsequently, the Director General conducted a detailed investigation based on facts submitted by both parties and submitted a report on 28 July 2014. Based on findings of the Director General, Honourable Commission has passed an order on 27 October 2014 in favour of the Group as far as price claim is concerned whereas for the quality claim, the Commission has referred to its earlier order dated 13 January 2014, of similar case which is presently pending at Competition Appellate Tribunal (COMPAT). WCL has preferred an appeal

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against the order of the CCI before the COMPAT wherein hearing is presently underway. The Group has filed a total claim of US \$ 144,866 with COMPAT under provision 53N of The Competition Act, 2002

The Group is also in advance state of discussion with WCL for working out an arrangement including the past claim. Also, current discussions with the Fuel Supplier indicate the pass back of the coal recompense over the coal supplies during the balance period of the agreement. Pending settlement/ adjudication, though the Group believes that the final outcome of the above matter would be in favour of the Group, on prudent basis the Group has impaired the earlier claim recognised of US \$ 24,003 in the books of account. Further adjustment if any, in the financial statement will be carried out depending upon the final outcome of the above matter.

- VS Lignite Power Private Limited (VSLPPL) has receivables of US \$ 8,750 (2014: US \$ 3,936) from its consumers representing taxes including royalty, cess on clean energy, taxes on input fuel as well as double adjustments for the security deposit, transmission and SLDC charges and take or pay obligation which are disputed by the consumers. The Group has an amount of US\$ 4,000 access from such customers as redeemable capital available for necessary setoffs. Further, the Group contends that not only it has fulfilled the contractually guaranteed supplies but also the amounts claimed are as per the terms of the power purchase agreements. Aggrieved by the order of Arbitrator and civil court, the Group has preferred an appeal in Honourable High Court of Jodhpur. Pending outcome of the same, the Group believes that the final determination of the above dispute would be in favour of the Group and there would be no material impact on the financial statements.
- Other non-current assets include an amount of US \$ 20,850 (2014: US \$ 18,609) relating to Central Excise, VAT and Service Tax receivable from the respective departments by SWPL. The SWPL is registered as SEZ unit. A unit in SEZ is allowed to import goods (purchase from local market is also treated as import) without payment of Duty for the purpose of its authorised operations. The exemption from the payment of duties and taxes are provided under Section 26 of the SEZ Act, 2005. In respect of Service Tax, the Group has already received a refund for the period from January 2013 to June 2013 and a favourable order from Central Excise & Service Tax Appellate Tribunal (CESTAT) for the period March 2009 to June 2009 and claims for remaining period is pending before CESTAT. Thus the Group is confident of receiving refund for the remaining period as well. In respect of VAT claims the Group has already received a refund for the financial year 2007-08 to 2010-11 and the Group is confident to receive the refund for the remaining years as well. However, the excise duty refund claims were rejected by the department stating that there are no provision of refund under the SEZ Act to the Group and the refund, if any, can be permissible to WCL, the supplier of coal. However the Group has obtained a legal opinion from a reputed tax consultant stating that the refund can be processed to the Group since the Group has born the duty burden and accordingly the Group is very confident that the entire amount is receivable.
- The captive customers of the SWPL has deducted from the sales invoices and paid an amount of US \$ 9,575 and US \$ 8,537 towards Cross Subsidy Surcharge (CSS) levied by MSEDCL for the financial year 2012-13 and 2013-14 respectively before ascertaining the captive status of the plant at the end of financial year which was against the express provisions of the Electricity Act, 2003 read with the Electricity Rules, 2005. This arbitrary act of MSEDCL was challenged before the MERC. MERC in its order clarified that the CSS can be imposed only at the end of financial year after ascertaining the captive status of the plant. For the financial year 2013-14, despite MERC order, MSEDCL has not refunded the amount collected as CSS. The Group has approached Honourable Bombay High Court, Nagpur Bench through writ of mandamus directing MSEDCL to refund the CSS collected. Honourable High Court vide order dated 27 March 2015 directed MSEDCL to refund the amount and subsequently, MSEDCL has refunded the amount in the month of May 2015. In respect of financial year 2012-13, MERC asked SWPL to pay CSS on ground of non-fulfilment of criteria of 51% supply to captive users as per Rule 3 of the Electricity Rules, 2005. Aggrieved by the said order of the MERC, the Group has filed an appeal before the APTEL on the ground that the non-fulfilment of captive criteria by the

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Group was attributed to the delay caused by MSEDCL in granting open access to captive customers. Pending adjudication of the same, the Group believes that there is a good chance of succeeding before the APTEL and hence no adjustment has been made in the financial statements.

- KMPCL has levied capacity charges and transmission charges to Andhra Pradesh and Telangana Discoms for the period from 16 June 2013 to 13 August 2013 amounting to US \$ 13,935 (2014: US \$ 14,590), on account of delayed fulfilment of obligation under the PPA. AP Discoms have rejected those claims and made the counter claim of US \$ 3,765 (2014: US \$ 3,942) for failure to furnish advance final written notice of commencement of supply of power as per article 4.1.2 of PPA. The Group has preferred an appeal before APERC & TSERC for refund of amount collected by Discoms by encashment of bank guarantee. The Group's contention is that since the Discoms have failed to fulfil the obligation as per PPA, there is default on part of Discoms and the counter claim by Discoms is merely to negate the effect of KMPCL claim of capacity charges. Pending adjudication of the case, the Group believes that there is a good chance of succeeding before the regulatory commissions and hence no adjustment has been made in the financial statements.
- The Group had entered into coal supply agreement with Goa Industrial Development Corporation (GIDC) for sourcing coal from the identified coal block i.e., Garepelma-III coal block. However, pursuant to the Honourable Supreme Court Orders during August and September 2014, Garepelma-III was de-allocated from GIDC. GIDC has kept the group notified that is still pursuing with the Government for allocation of this mine under the new coal statute and also has filed a legal case before Honourable High Court of Delhi wherein interim relief is granted in favor of GIDC. At the same time the initial development of the Garepelma-III block was entrusted to Group by GIDC, wherein the Group has incurred all the cost relating to the development of mine. Government of India has promulgated the Coal Mines (Special Provisions) Ordinance, 2014 which provides for reimbursement of cost incurred towards land and mine infrastructure by new allottee. Accordingly GIDC has made the claim for US \$ 42,073 for settlement before Nominated Authority appointed under the Ordinance by Ministry of Coal. Pending final adjudication of the case by Honourable High Court of Delhi or pending final settlement of the claim by the Nominated Authority, the management believes that the entire amount incurred by the Group is recoverable and hence no adjustment has been made in the financial statements.
- KMPCL has levied claim for change in law on Andhra Pradesh and Telangana Discoms amounting to US \$ 94,109 (2014: US \$ 41,672) as per Article 10 of the PPA which was rejected by the later. Aggrieved by the same the Group has preferred an appeal before Andhra Pradesh Electricity Regulatory Commission (APERC) and Telangana State Electricity Regulatory Commission (TSERC) respectively contending that subsequent to execution of the PPA, the Government of India by Presidential Directive amended the coal policy. As per the coal policy existing prior to 17 July 2013, there was no restriction or provision with regard to the nature of the PPA's to be entered into by persons to whom tapering linkages were granted. However, the Presidential Directive restricted the supply of coal to tapering linkages only when there is a long term PPA. Further, the Presidential Directive, directs Coal India Limited to enter Fuel Supply Agreement (FSA) for domestic coal of 65% of Annual Contracted Quantity only for the power plants having normal coal linkages and meet the balance FSA obligation by imported coal on a cost plus basis. Accordingly the Group has recognised only US \$ 32,938 (2014: US \$ 14,585) out of the total claim of US \$ 94,109 (2014: US \$ 41,672) in books of accounts on a conservative basis. However, pending outcome of the case, the Group is confident the entire amount claimed is fully recoverable.

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

Guarantees

- The Company has guaranteed to unrelated parties for the loans and non-fund based facilities availed by subsidiaries for US \$ 275,977 (2014: US \$ 339,442) and
- The Group guaranteed the performance of the joint operations under the power delivery agreements to unrelated parties. No liability is expected to arise.

31. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprises of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also hold investments designated at fair value through profit or loss and available-for-sale categories and enter into derivative transaction.

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

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purpose may be undertaken.

The directors reviews and agrees policies for managing each of these risks which are summarised below:

Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments, investment at fair value through profit or loss and derivate financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2015 and 31 March 2014.

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

- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risk. This is based on the financial asset and financial liabilities held at 31 March 2015 and 31 March 2014.
- The statement of the financial position sensitivity relates to derivatives and available for sale debt instruments.

Interest rate risk

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

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The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage interest rate risk, the Group enters in to interest rate swaps, in which it agrees to exchange at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount.

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

Currency	Change in basis points	Effect on profit before tax / equity	
		2015	2014
INR	+100	(6,434)	(3,441)
USD	+100	(1,693)	(1,059)
INR	(100)	6,434	3,441
USD	(100)	1,693	1,059

If interest rates increase or decrease by 100 basis points with all other variables being constant, the Company's loss before tax for the year ended 31 March 2015 would increase or decrease by US \$ Nil (2014: US \$ Nil).

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 for our subsidiaries. Currency exposures also exist in the nature of capital expenditure and services denominated in currencies other than the Indian rupee.

Our Group borrowings are denominated in both Indian Rupees and US dollars, while a large portion of cash and liquid investments are held in other currencies, mainly in the Indian rupee. Some financial assets and liabilities are not held in the functional currency of the respective subsidiary. We also hold some intra-group balances in currencies which are not the functional currency of the respective subsidiary and hence the Group is exposed to movements in the functional currency of those entities and the currencies in which these balances are held.

Consequently, currency fluctuations may have a large impact on our Group financial results. We are subject to currency risks affecting the underlying cost base in the operating subsidiary companies and also the translation of unit cash costs, income statement and the statement of financial position (including non-US dollar denominated borrowings) in the consolidated financial statements, where the functional currency is not the US dollar.

Foreign currency exposures are managed through a group-wide hedging policy. The policy is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. Short-term foreign exchange exposures relating to capital expenditure are hedged progressively based on their maturity. Long term exposures are normally unhedged, however the Group had hedged some of the long term loans by entering in to currency options.

The carrying amount of the Group's financial assets and liabilities in different currencies are as follows:

Currency	2015		2014	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Indian Rupee	428,401	2,978,919	487,997	2,422,067
Great Britain Pound	629	1,173	1,260	1,255
United States Dollar	87,815	714,323	94,152	939,049
Others	12	126	23	1,805

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The carrying amount of the Company's financial assets and liabilities in different currencies are as follows:

Currency	2015		2014	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Great Britain Pound	67,477	1,178	75,674	1,264
United States Dollar	112,691	114,439	66,443	62,250

The Group's exposure to foreign currency arises where a Group company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity with US dollar being the major foreign currency exposure of the Group's main operating subsidiaries. Set out below is the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the Group's foreign currency financial instruments:

2015	Closing exchange rate	Effect of 10% strengthening of US \$ on net earnings	Effect of 10% strengthening of US \$ on total equity
Indian Rupee	62.6788	(55,300)	(55,300)
Great Britain Pound	0.6741	(9,768)	(9,768)

2014	Closing exchange rate	Effect of 10% strengthening of US \$ on net earnings	Effect of 10% strengthening of US \$ on total equity
Indian Rupee	59.8630	(79,422)	(79,422)
Great Britain Pound	0.6011	(7,538)	(7,538)

The Company's 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. Set out below is the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the Company's foreign currency financial instruments:

2015	Closing exchange rate	Effect of 10% strengthening of US \$ on net earnings	Effect of 10% strengthening of US \$ on total equity
Great Britain Pound	0.6741	(174)	(174)

2014	Closing exchange rate	Effect of 10% strengthening of US \$ on net earnings	Effect of 10% strengthening of US \$ on total equity
Great Britain Pound	0.6011	420	420

Equity price risk

The Group's investments in listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

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At the reporting date, the Group's exposure to unlisted equity securities was US \$ 18,644 (2014: US \$ 21,439) and the exposure to listed equity securities at fair value was US \$ 662 (2014: US \$ 1,522).

At the reporting date, the Company's exposure to unlisted equity securities (excluding investment in subsidiaries) was US \$ Nil (2014: US \$ Nil).

A decrease of 10% on the Indian market index would have an impact of approximately US \$ 23 (2014: US \$ 12) on the income or equity attributable to the Group, depending on whether or not the decline is significant and prolonged. An increase of 10% in the value of the Indian market index would impact income or equity by similar amounts.

A decrease of 10% on the UK market index would have an impact of approximately US \$ 9 (2014: US \$ 23) on the income or equity attributable to the Group, depending on whether or not the decline is significant and prolonged. An increase of 10% in the value of the UK market index would impact income or equity by similar amounts.

Credit risk analysis

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its 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	
		2015	2014
Debt securities	11	2,437	33
Short term deposits with banks	15	157,266	138,244
Non-current bank deposits	11	8,102	10,953
Loans and receivables			
- Trade and other receivables	13	157,057	161,561
- Other financials assets	11	82,256	143,673
		407,118	454,464

Majority of trade receivable are secured by collateral and other credit enhancement and amount reflected above are before netting of such collateral and other credit enhancement.

The Group has exposure to credit risk from a limited customer group on account of supply of power. However, the Group ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The credit worthiness of customers to which the Group grants credit in the normal course of the business is monitored regularly. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group's/ Company's maximum exposure for financial guarantees are noted in note 30.

The Group's management believes that all the above financial assets, except as mentioned in note 11 and 13, are not impaired for each of the reporting dates under review and are of good credit quality.

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Liquidity risk analysis

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

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

As at 31 March 2015, the Group has net current liabilities of US \$ 442,526. The Group continues to generate cash flows from the current operations which will further expected to increase with the full load operation of two units of KSK Mahanadi plant and better plant load factor in Sai Wardha. In addition, a number of the facilities that are due to expire at 31 March 2016 are in the process of being extended and have a rollover clause in a number of cases and the Group may refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, where applicable. Further, the Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately US \$ 710,417 to meets its long term investment programmes.

The following is an analysis of the Group contractual undiscounted cash flows payable under financial liabilities at 31 March 2015:

	Current within 12 months	Non-current 1-5 years	Non-current Later than 5 years	Total
Loan and borrowings	886,719	2,269,295	2,489,213	5,645,227
Trade and other payables	369,590	35,300	-	404,890
Other financial liabilities	5,959	23,715	3,147	32,821
Total	1,262,268	2,328,310	2,492,360	6,082,938

The following is an analysis of the Group contractual undiscounted cash flows payable under financial liabilities at 31 March 2014:

	Current within 12 months	Non-current 1-5 years	Non-current Later than 5 years	Total
Loan and borrowings	1,217,813	1,713,157	1,226,365	4,157,335
Trade and other payables	400,460	52,110	-	452,570
Other financial liabilities	5,073	21,053	7,140	33,266
Total	1,623,346	1,786,320	1,233,505	4,643,171

The Company's contractual undiscounted cash flows payable under financial liabilities as at 31 March 2015 is US \$ 115,617 (2014: US \$ 63,514).

Capital management

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

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

- Ensure Group's ability to meet both its long-term and short-term capital needs as a going concern;
- Constantly evolve multiple funding alternatives - equity and /or preference capital, senior and /or subordinated debt, corporate loan facilities to arrive at an optimal capital mix;
- Deployment of capital in Special Purpose Vehicles ('SPVs') in a timely manner and as appropriate to the project development under pursuit;
- Evolution and finalisation of capital holding levels in underlying SPV's, with balance capital contributions by customers, co-investors (financial or otherwise), if any;
- Periodic review of the existing capitalisation levels in various parts of the business for potential post construction refinancing and any capital release(s) under such refinancing; and
- Fine tune capital deployment decisions to enable adequate return to shareholders.

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

No changes were made in the objectives, policies or processes during the year ended 31 March 2015 and 31 March 2014.

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

The SPVs in the Group engaged in the business of captive power generation are subject to statutory requirement of maintaining the captive consumers' equity at 26% of the total equity. Apart from the aforementioned requirement, there are no other imposed capital requirements on Group or entities, whether statutory or otherwise.

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

	2015	2014
Total borrowing	3,244,549	2,888,676
Less: Cash and short-term deposit	197,996	194,054
Net debt	3,046,553	2,694,622
Equity	553,101	582,273
Total equity	553,101	582,273
Net debt to equity ratio	5.51	4.63

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32. Financial Instruments

Carrying amounts versus fair values

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

	Carrying amount	Fair value	Carrying amount	Fair value
	2015	2015	2014	2014
Non- current financial assets				
Trade and other receivables	2,845	2,845	3,422	3,422
Equity securities - available-for-sale	19,155	19,155	22,865	22,865
Loans and receivables	53,532	53,532	70,563	70,563
Derivative assets	49,702	49,702	50,196	50,196
Non-current bank deposits	8,102	8,102	10,953	10,953
Total non-current	133,336	133,336	157,999	157,999
Current financial assets				
Trade and other receivables	154,212	154,212	158,139	158,139
Equity securities - held for trading	152	152	97	97
Debt securities-held for trading	2,437	2,437	33	33
Loans and receivables	28,724	28,724	73,110	73,110
Cash and short-term deposits	197,996	197,996	194,054	194,054
Total current	383,521	383,521	425,433	425,433
Total	516,857	516,857	583,432	583,432
Non- current financial liabilities				
Trade and other payables	47,581	47,581	51,110	51,110
Loans and borrowings	2,722,596	2,722,596	1,943,926	1,943,926
Interest rate swaps	4,763	4,763	1,045	1,045
Option premium payable	22,099	22,099	27,148	27,148
Total non-current	2,797,039	2,797,039	2,023,229	2,023,229
Current financial liabilities				
Trade and other payables	369,590	369,590	400,460	400,460
Loans and borrowings	521,953	521,953	944,750	944,750
Foreign exchange forward contract	453	453	53	53
Option premium payable	5,506	5,506	5,020	5,020
Total current	897,502	897,502	1,350,283	1,350,283
Total	3,694,541	3,694,541	3,373,512	3,373,512

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

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

	Carrying amount	Fair value	Carrying amount	Fair value
	2015	2015	2014	2014
Non-current financial assets				
Loans and receivables to subsidiaries	171,676	171,676	133,873	133,873
Loans and receivables	5,100	5,100	5,660	5,660
Total non-current	176,776	176,776	139,533	139,533
Current financial assets				
Loans and receivables	27	27	4	4
Cash and short-term deposits	1,065	1,065	173	173
Total current	1,092	1,092	177	177
Total	177,868	177,868	139,710	139,710
Current financial liabilities				
Trade and other payables	1,372	1,372	1,486	1,486
Loans and borrowings	114,245	114,245	62,028	62,028
Total current	115,617	115,617	63,514	63,514

Fair value hierarchy

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

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

2015	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity securities - available-for-sale	511	-	18,644	19,155
Equity securities - held for trading	152	-	-	152
Debt securities-held for trading	2,437	-	-	2,437
Derivative assets	-	49,702	-	49,702
Total	3,100	49,702	18,644	71,446
Financial liabilities measured at fair value				
Interest rate swaps	-	4,763	-	4,763
Option premium payable	-	27,605	-	27,605
Foreign exchange forward contract	-	453	-	453
Total	-	32,821	-	32,821

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the transfer has occurred. During the year ended 31 March 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation of Level 3 fair value measurements of financial assets:

2015	Available-for-sale Unquoted Equities	Total
Opening balance	21,439	21,439
Total gains or losses:		
- in income statement	-	-
- in other comprehensive income		
change in fair value of available for sale financial asset	(1,877)	(1,877)
foreign currency translation difference	(918)	(918)
Settlements	-	-
Transfers into level 3	-	-
Closing balance	18,644	18,644

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

2014	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity securities - available-for-sale	1,425	-	21,439	22,864
Equity securities - held for trading	97	-	-	97
Debt securities-held for trading	33	-	-	33
Derivative assets	-	50,196	-	50,196
Total	1,555	50,196	21,439	73,190
Financial liabilities measured at fair value				
Interest rate swaps	-	1,045	-	1,045
Option premium payable	-	32,168	-	32,168
Foreign exchange forward contract	-	53	-	53
Total	-	33,266	-	33,266

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting year during which the transfer has occurred. During the year ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements. However, an amount of US \$ 21,145 has been transferred from Level 2 to Level 3.

19 NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

For the year ended 31 March 2015

(continued...)

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

2014	Available-for-sale Unquoted Equities	Total
Opening balance	322	322
Total gains or losses:		
- in income statement	-	-
- in other comprehensive income		
change in fair value of available for sale financial asset	-	-
foreign currency translation difference	(28)	(28)
Settlements	-	-
Transfers into level 3	21,145	21,145
Closing balance	21,439	21,439

Valuation techniques

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

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

GLOSSARY

Acts	the Isle of Man Companies Acts 1931 to 2004, as amended
AGM	Annual General Meeting
CERC	Central Electricity Regulatory Commission
CIL	Coal India Limited
Combined Code	the Combined Code on Corporate Governance, issued by the Financial Reporting Council
Company or KPVP or parent	KSK Power Ventur plc
EPC	Engineering, Procurement and Construction
Electricity Act	the Indian Electricity Act 2003 as amended
FSA	Fuel Supply Agreement
FY	Financial Year commencing from 1 April 2014 to 31 March 2015
GAIL	Gas Authority of India Limited
Group or KSK	the Company and its subsidiaries
GIDC	Goa Industrial Development Corporation
GMDC	Gujarat Mineral Development Corporation
GDP	Gross Domestic Product
GWh	Gigawatt Hour
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
JRPGPL	J R Power Gen Private Limited
kWh	kilowatt hour
KSKEV	KSK Energy Ventures Limited
K&S	K&S Consulting Group Private Limited, a company controlled, and majority owned, by the Promoters
KMPCL/KSK Mahanadi	KSK Mahanadi Power Company Limited
KSKMRPL	KSK Mineral Resources Private Limited
KSK Dibbin	KSK Dibbin Hydro Power Private Limited
KSK Wind Energy	KSK Wind Energy Private Limited
PPA	Power Purchase Agreement
Raigarh	Raigarh Champa Rail Infrastructure Private Limited
Sai Maithili	Sai Maithili Power Company Private Limited
SRPCPL/Sai Regency	Sai Regency Power Corporation Private Limited
SPL/Sitapuram	Sitapuram Power Limited
SCCL	Singareni Collieries Company Limited
SPV	Special purpose vehicle, each being an Indian registered company incorporated for the purpose of a specific power project
SAST	Substantial Acquisition of Shares and Takeovers Regulation, 1997
SLPL	Sai Lilagar Power Limited
SWPL	Sai Wardha Power Limited
US\$ or U.S.\$ or \$	US Dollars, the lawful currency of the US
UK or United Kingdom	United Kingdom of Great Britain and Northern Ireland
UK LLP	United Kingdom Limited Liability Partnership
VSLP/VS Lignite	VS Lignite Power Private Limited
ZCL	Zuari Cement Limited
£ or Sterling	Pounds or sterling, the lawful currency of the UK

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20 || COMPANY INFORMATION

Directors

Thiruvengadam Lakshman Sankar
(Non-Executive Chairman)

Subramaniam Ramchandran Iyer
(Non-Executive Director)

Vladimir Dlouhy
(Non-Executive Director)

Abhay Mahadeo Nalawade
(Non-Executive Director)

Keith Nicholas Henry
(Non-Executive Director)

Sethuraman Kishore
(Executive Director)

Kolluri Ayyappa Sastry
(Executive Director)

Company Secretary

Richard Vernon Vanderplank

Registered Office

Fort Anne, Douglas,
Isle of Man, IM1 5PD.

Financial Adviser & Corporate Broker

Arden Partners plc,
125 Old Broad Street, London, EC2N 1AR.

Isle of Man Legal Advisers to the Company

Cains Advocates Limited
Fort Anne, Douglas, Isle of Man, IM1 5PD.

Auditors

KPMG Audit LLC,
Heritage Court, 41 Athol Street,
Douglas, Isle of Man, IM99 1HN.

Registrars

Cains Fiduciaries Limited,
Fort Anne, Douglas Isle of Man, IM1
5PD.

CREST Agent

**Computershare Investor Services
(Jersey) Limited,**
Queensway House, Hilgrove Street, St
Helier Jersey, JE1 1ES.

Website

www.kskplc.co.uk

Scrip Code

KSK



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