KSK Power Ventur plc

Consolidated and Company Financial Statements

For the year ended 31 March 2015

Contents

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	-	-

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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**
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

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

		Consolidated		Company	
	Notes	**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

KSK Power Ventur plc

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2014
(All amount 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 interests[1]	-	-	-	-	-	-	-	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)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2014
(All amount 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**
Items that are or may be reclassified subsequently to income statement											
Foreign currency translation differences	-	-	-	(35,398)	-	-	-	-	(35,398)	(17,483)	**(52,881)**
Available-for-sale financial assets											
- current period (losses) / gains	-	-	-	-	-	-	(2,063)	-	(2,063)	308	**(1,755)**
- reclassification to profit or loss	-	-	-	-	-	-	2,986	-	2,986	-	**2,986**
Income tax relating to available-for-sale financial asset	-	-	-	-	-	-	(141)	-	(141)	(47)	**(188)**
Total comprehensive (loss) / income for the year	**-**	**-**	**-**	**(35,398)**	**-**	**-**	**1,331**	**(49,039)**	**(83,106)**	**(27,144)**	**(110,250)**
Balance as at 31 March 2014	**289**	**287,191**	**18,000**	**(113,933)**	**2,614**	**5,461**	**143,615**	**69,254**	**412,491**	**169,782**	**582,273**

(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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015
(All amount 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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015
(All amount 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
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.

KSK Power Ventur plc

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015
(All amount 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)

(All amounts in thousands of US $, unless otherwise stated) 12

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 March

	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)**
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 subsidary to non-controlling interst	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)

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2015

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.

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.

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

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.

1.6. List of subsidiaries and jointly 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 Benchi 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 Benchi Private Limited (‘KWPYBPL’)	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

(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
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 (‘KWAIPL’)	Exploration of natural / mineral resources.	68.30	74.94	India	KEVL	100.00	100.00

(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 Dibbin Hydro Power Private Limited ('KDHPPL')	Power generation	55.33	74.94	India	KEVL	81.01	100.00
Kameng Dam Hydro Power Limited ('KDHPL')	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
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 ('JRPGPL')[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 JRPGPL. 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 pervious 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 meaning of ‘currently have a legally enforceable right to set-off’ and ‘simultaneous 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.

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

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
IAS16 & 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 – 2014Cycle- 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.

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:

- 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 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 though 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 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.

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 form 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 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) and;
- *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.
- *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 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.

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

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

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.

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

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

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)

(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.

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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).

(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.

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

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

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.

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.

(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**

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**

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

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.

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**

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

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

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.

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**

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 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.

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

- 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**

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**

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

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.

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.

(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 liability[1]	**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**

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**

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

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**

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

(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

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.

(All amounts in thousands of US $, unless otherwise stated) 44

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**

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:

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

(b) Profit / (loss) for each operating segment does not include finance income and finance costs of US $ 19,135 and US $ 219,810 respectively (2014: US $ 35,819 and US $ 165,969 respectively).

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

(c) 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).

(d) 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).

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

(f) One customers 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).

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**

[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.

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

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**

[1]Net 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**

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

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.

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
Deferred income tax assets		
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**
Deferred income tax liabilities		
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**

(All amounts in thousands of US $, unless otherwise stated) 48

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 realize the benefits of those recognised deductible differences and tax loss carry forwards. The amount of deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced.

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 jointly controlled entities. The Group has determined that undistributed profits of its jointly controlled entities 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.

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

Particulars	Consolidated						Company					
	2015			2014			2015			2014		
	Joint operations	Parent / GUP	KMP	Joint operations	Parent / GUP	KMP	Subsidiaries	Parent / GUP	KMP	Subsidiaries	Parent / GUP	KMP
Transactions[1,2]												
Corporate support services fees	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
	2015			2014			2015			2014		
Balances [1,2]												
Interest receivable	3,859	-	-	3,586	-	-	-	-	-	-	-	-
Interest payable	-	-	-	9	-	-	-	-	-	-	-	-
Loans and inter corporate deposits	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

[1] The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period end are unsecured, interest-bearing in case of loans and inter-corporate deposits and non-interest bearing in case of other loans and advances and settlement occurs in cash. For the year ended 31 March 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.

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

[3] Remuneration 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 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 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 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 AP 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 ventures 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.

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

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.

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.

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

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

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.

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.

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

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.

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.

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

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

	Current	Non-current		Total
	within 12 months	1-5 years	Later than 5 years	
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	Non-current		Total
	within 12 months	1-5 years	Later than 5 years	
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.

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.

(All amounts in thousands of US $, unless otherwise stated) 57

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**

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**

(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 2015	Fair value 2015	Carrying amount 2014	Fair value 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**

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.

(All amounts in thousands of US $, unless otherwise stated) 59

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.

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.