Power Ventures Plc

POWERING INDIA

OPG Power Ventures Plc
Annual Report & Accounts

2019

OPG is a developer and operator of power plants in India with a track of record of delivery and an experienced management team.

Our goal is to be a leader in the Indian energy sector.

STAY IN TOUCH WITH US ONLINE

Corporate website
opgpower.com

Online annual report
www.opgpower.com/investors

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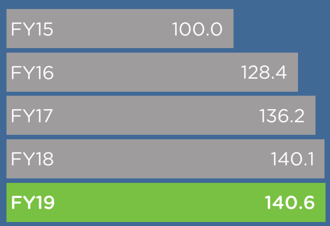
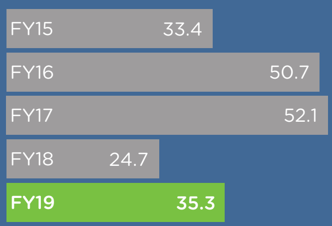
HIGHLIGHTS

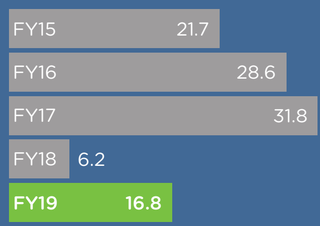
REVENUES
(£m)



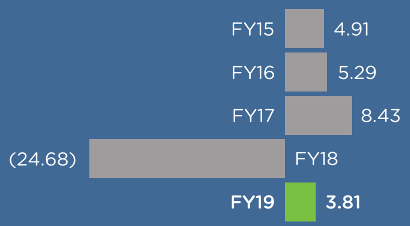
ADJUSTED EBITDA
(£m)



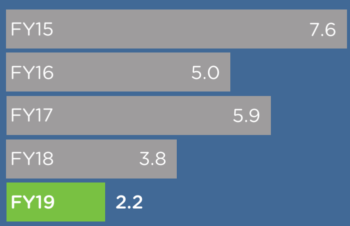
PROFIT BEFORE TAX
(£m) before impairments and tax



EPS
(£ pence)



NET DEBT / ADJUSTED EBITDA
(£m)



- Profit after tax was £14.0m compared with a loss of £100.9m in FY18
- Total generation (including deemed) of 2.7 billion units, down 2% from FY18
- Revenue up 0.4% to £140.6m from £140.1m in FY18
- Adjusted EBITDA of £35.3m (25.1% margin) compared with £24.7m (17.6% margin) in FY18**
- Full year scrip dividend of 0.6p per share (FY18: scrip dividend of 1p per share)
- Term loans principal debt repayment £20.6m (5.3 pence per share)
- Borrowings reduced with gross debt of £80.4m*, compared with £93.5m at 31 March 2018

* Gross Debt of £80.4m consists of long-term loan of £69.9m and working capital of £10.5m
** Excluding one-off impairment provision of £7.3m in FY18

EXECUTIVE CHAIRMAN'S STATEMENT

"The outlook for the Indian economy in general and the power sector in particular continues to be buoyant. OPG's business in FY19 performed well both operationally and financially. We are maintaining our strategy to build value for shareholders by repaying borrowings. In the year under review we added 5.3p per share to equity holders from deleveraging and are recommending a full year scrip dividend of 0.6p per share.

By maintaining our focus on the profitable operation of our high quality assets, we expect to continue to reduce debt and pay dividends in order to maximise shareholder value."

Strong operational performance and robust profitability

This is the first year we are presenting full year results based on the performance of the Chennai plant following the deconsolidation of the Gujarat SPV last year. Our strong operational performance and robust profitability in FY19 is in line with expectations and demonstrates that focusing on the existing operations and deleveraging remains the right strategy. We will continue to use the strong cash generation of our existing operations to repay our debt and we aim to be debt free by the end of calendar 2023.

The Chennai plants' generation, including 'deemed' generation, during FY19 was 2.7 billion units, 2% lower than during FY18, with average Plant Load Factor ('PLF') at 75% (FY18: 77%). This slight decrease in generation was primarily due to Unit IV (180 MW) being shut down from early December 2018 to early March 2019 whilst turbine repairs were undertaken, following an unplanned shutdown. During FY19 we achieved a 10% increase in sales tariffs and the average realised tariff for our industrial and commercial customers was Rs5.41 (FY18: Rs4.92). Since the year end, most of our users in Chennai have renewed their contracts.

In FY19, the Group's revenue was £140.6m (FY18: £140.1m) and adjusted EBITDA was £35.3m (FY18: £24.7m). Average adjusted EBITDA for the last five years was £39.2m.

Profit from continuing operations was £15.0m (FY18: loss of £0.9m) and net profit after tax was £14.0m, in comparison with a loss of £100.9m incurred in FY18 as a result of the deconsolidation of the Gujarat plant last year.

After the period end, in May 2019, the Company secured a hedge against the volatility of coal price movements and has entered into a fixed price coal purchase agreement for one million tonnes (representing approximately 60% of the Group's annual coal requirements). The delivery of coal under the purchase agreement started in June 2019 and will end in March 2020. This means that OPG expects greater visibility of FY20 financial performance.

This was the first year of operations of the Group's Karnataka solar projects (62 MW) situated north of Bengaluru. All plants are operational and have met all critical operating metrics. A Capacity Utilisation Factor of 17% was achieved in FY19 for these solar projects which is well within industry standard. However, given the long-term returns from solar projects and the level of capital investment required, the Board has decided to focus on the core thermal power plants business and announces its intention to dispose of the Karnataka solar projects.

Continued deleveraging

Total borrowings during FY19 were reduced from £93.5m to £80.4m, comprising term loans of £69.9m and working capital loans of £10.5m.

The Company achieved a major milestone with respect to Unit 1 of the Chennai plant (77 MW out of 414 MW) when its term loans were fully repaid in December 2018. Based on the term loans' repayments schedule, all Chennai plants are expected to be debt free in calendar 2023.

Interest on term loans and principal repayments paid at Chennai in FY19 amounted in aggregate to £29.6m, including £20.6m of principal repayments, representing 5.3 pence per share added in value to shareholders' equity. This trend will continue over the next three years. In FY20 we expect to repay £17.3m of term loans thereby increasing shareholders equity value by another 4.5 pence per share.

Indian economy

India has achieved steady and robust macroeconomic growth in past few years and continues to ascend in the rankings of the world's economies. India's gross domestic product is expected to reach US$6 trillion by 2027 and India is forecast to be the third largest consumer economy in the world, with consumption predicted to triple to US$4 trillion by 2025, reflecting accelerating shifts in consumer behaviour and expenditure patterns.

India's GDP grew by 6.8% in FY19 and is projected to grow at an average of 7% per year over the 2019-2023 period.

Power sector

Rapid infrastructure development in key sectors such as power remain an important priority for the newly elected Government of India.

With electricity production of 1,249.3 billion units in FY19, India is the third largest producer and consumer of power in the world and the Government's goal is to meet the anticipated growth in demand by doubling the current capacity to provide 24x7 electricity to all users. India is planning to derive 40% of its energy output from non-fossil fuel sources by 2030, which will mean raising renewable energy installed capacity from 57 GW to 175 GW by 2022.

Under the Paris Agreement, India has made three commitments. India's greenhouse gas emission intensity of GDP will be reduced by 33-35% below 2005 levels by 2030. 60% of India's power capacity at that time would be still based on fossil fuel sources and India will create an additional 'carbon sink' of 2.5 to 3 billion tonnes of CO_2 equivalent through additional forest and tree cover by 2030. We fully endorse this initiative and will procure best in class equipment to comply with emissions standards applied to our power plants.

Emission norms

The Indian Government has notified revised compliance standards for emission norms of thermal power plants across the country to be effective in a phased manner up to 2022. The Company is well placed to comply with the new standards by incurring required capital expenditures in a staged manner over the next three years. Implementation of the emission reduction programme will also require shutdowns for each of the four units over FY20 and FY21 and therefore the Company expects plant load factors at Chennai to be around 70-75%. The Company is evaluating various technologies with a view to be fully compliant with the revised emission norms by the stipulated timeline.

Dividend

The shutdown of Unit 4 for three months impacted FY19 cash flows and considering the additional capital expenditure and lower expected PLF with respect to implementation of the emission reduction programme, the Board has decided to conserve cash for these proposed obligations and has declared a full year scrip dividend of 0.6p per share (FY18: scrip dividend of 1p per share), subject to approval by shareholders at the Company's Annual General Meeting.

Outlook

The Company will remain focused in FY20 on delivering robust operational performance. We will continue to repay term loans in accordance with the repayment schedule. With the Group paying up to 13% interest on its bank debt, the Board believes that maintaining focus on improvement in operations and deleveraging will provide the best returns to shareholders.

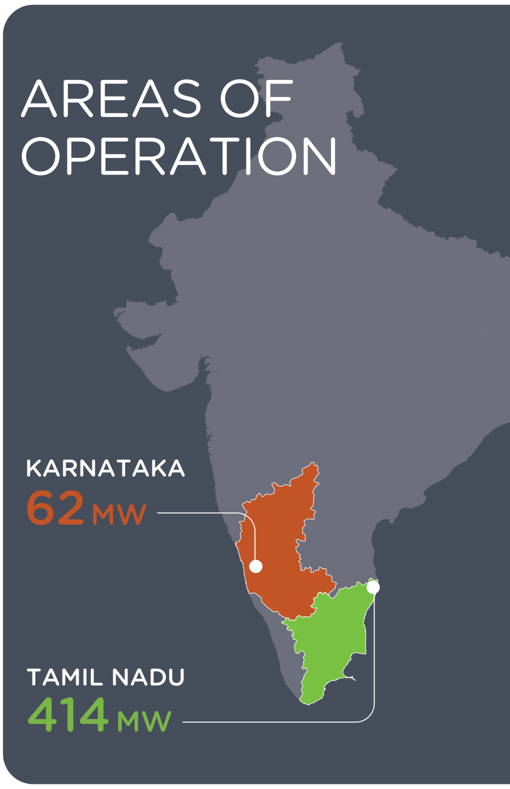
On behalf of the Board, I thank the shareholders, lenders, customers, our loyal and hardworking employees, vendors, Government and regulatory authorities for their continuous support. We are confident that the Group is now well positioned to deliver value to shareholders and take advantage of market opportunities as they arise.

Arvind Gupta
Executive Chairman

31 July 2019

OPG has established a strong investment case:

- Robust platform of operating assets
- Experienced management
- Proven ability to execute
- Attractive sector fundamentals
- Demonstrated focus on cash flow generation



FINANCIAL REVIEW

"The Company achieved a major milestone with respect to Unit 1 of Chennai plant (77 MW out of 414 MW) as the term loans were fully repaid in December 2018. Based on the term loans repayments schedule the Chennai plant is expected to be debt free in calendar 2023."

Revenue

The Group's revenue has increased by £0.5m, reflecting a 0.4% growth year-on-year as a result of an increase in tariff during FY19, partly offset by a decrease in generation. Average tariff realised during FY19 increased to Rs5.56 per kWh, as a result of tariff increases during the year for captive customers. Generation exported to customers and billed for revenue, including 'deemed' generation, decreased by 2% to 2.7 billion units during FY19 in comparison with FY18 generation. This slight decrease in generation was primarily due to Unit IV (180 MW) being shut down from early December 2018 to early March 2019 whilst turbine repairs were undertaken.

Production and output levels from the Group's operating power plant in Chennai compared to the prior year were as follows:

Particulars	FY19	FY18
Total generation, incl. 'deemed' generation (million units)	2,705	2,770
PLF (%)[1]	75	77
Average tariff (INR/unit)[2]	5.56	5.21

1 Chennai Unit 3: 'Deemed' PLF (%) has been included
2 Average tariff includes effect of 'deemed' offtake tariff for Chennai Unit 3. Average FY19 tariff excluding effect of 'deemed' offtake was Rs5.41 (FY18: Rs4.92).

Gross profit

Gross profit ('GP') in FY19 was 34.8% of revenue (FY18: 28.5%). The increase in GP is primarily on account of an increase in tariff during FY19 in comparison with FY18.

The cost of revenue represents fuel costs. The table below shows the price and blend of Indian and Indonesian coal consumed in FY19 and FY18.

Price and blend of Indian and Indonesian coal consumed:

	Average factory gate price (INR/mt)		Average factory gate price (INR/mKCal)		Blend %
Financial year	Indian coal	Imported coal	Indian coal	Imported coal	Indian: Imported
FY19	3,634	4,598	1,024	1,130	8:92
FY18	3,467	4,593	963	1,114	6:94
Change %	4.8	0.11			

The following is a commentary on the Group's financial performance for the year.

Income statement

YEAR ENDED 31 MARCH	2019 £m	% OF REVENUE	Restated*/** 2018 £m	% OF REVENUE
Revenue	140.6		140.1	
Cost of revenue (excluding depreciation)	(91.7)		(100.2)	
Gross profit	48.9	34.8	39.9	28.5
Other income	2.6		2.0	
Distribution, general and administrative expenses (excluding depreciation)	(16.2)		(17.2)	
Adjusted EBITDA* **	35.3	25.1	24.7	17.6
Depreciation and amortisation	(6.1)		(6.5)	
Net finance costs*	(12.4)		(12.0)	
Profit from continuing operations before tax and impairments	16.8	11.9	6.2	4.4
Impairment provision for loss on assets under construction	–		(4.0)	
Profit before tax from continuing operations	16.8	11.9	2.2	1.6
Taxation	(1.8)		(3.1)	
Profit/(loss) after tax from continuing operations	15.0	10.7	(0.9)	(0.7)
Loss from discontinued operations, incl. non-controlling interest**	(1.0)		(100.0)	
Profit/(loss) for the year	14.0		(100.9)	

* Net foreign exchange loss was reclassified from General and Administrative expenses to finance costs in FY18
** Impairment provision for loss of investment in Padma Shipping JV and Group's share in losses of Padma's operations losses were reclassified to Loss from discontinued operations in FY18
*** Excluding one-off impairment provision of £4.0m in FY18

Adjusted EBITDA

Adjusted earnings before interest, taxation, depreciation and amortisation ('Adjusted EBITDA') is a measure of a business' cash generation from operations before depreciation, interest and exceptional and non-standard or non-operational changes. Adjusted EBITDA is useful to analyse and compare profitability among periods and companies, as it eliminates the effects of financing and capital expenditures.

Adjusted EBITDA was £35.3m in FY19 an increase from £24.7m in FY18 and Adjusted EBITDA margin was higher at 25.1% in FY19 against 17.7% in FY18 on account of an increase in GP margin.

Profit from continuing operations before tax was £16.8m compared with a profit from continuing operations before tax and impairment of £6.2m in FY18 (after impairment in FY18 it was a profit before tax of £2.2m).

Profit before tax reconciliation ('PBT') (£m)	FY19
PBT 2018-19	16.8
PBT 2017-18	2.2
Increase in PBT	14.6
Increase in GP	9.0
Increase in other income	0.6
Decrease in distribution, general and administrative expenses, expected credit loss	0.9
Increase in net finance costs	(0.4)
Decrease in depreciation and amortisation	0.5
Impairment provision for loss on asset under construction*	4.0
Increase in PBT	14.6

*£4m being impairment of obsolete assets under construction, as a one-off transaction in FY18.

Taxation

The Company's operating subsidiaries are under a tax holiday period but are subject to Minimum Alternate Tax ('MAT') on their accounting profits. Any tax paid under MAT can be offset against future tax liabilities arising after the tax holiday period.

The tax expense during the year was £1.8m comprised of current tax expense of £0.9m and deferred tax expense of £0.9m.

Profit after tax from continuing operations

Profit after tax from continuing operations has increased by £15.9m from loss of £0.9m in FY18 to profit of £15.0m in FY19.

Assets held for sale and loss from discontinued operations

62 MW Karnataka solar project

In FY18 four Karnataka solar projects (62 MW) were commissioned. The Group has a 31% equity interest in these projects. During FY19, the Company obtained a right to buy additional 30% equity interest in solar companies following achievement of the conditions precedent under the terms of the agreement. This right, in combination with other rights, provided substantive potential voting rights

FINANCIAL REVIEW
CONTINUED

and investments in the underlying solar companies were reclassified from associates to subsidiaries. Given the long-term returns from solar projects and the level of capital investment required, the Board has decided to focus on the core thermal power plants business and announces its intention to dispose of the Karnataka solar projects. The Company initiated the process of disposal of the solar companies in the year, which met all conditions of IFRS 5 for classification of solar business as Assets held for sale at 31 March 2019. Accordingly, Assets of £49,579,232 and Liabilities of £35,267,786 were classified as Assets and Liabilities held for sale in the Consolidated Statement of Financial Position as at 31 March 2019 and their profit from operations of £20,708 was included in loss from discontinued operations in the Consolidated Statement of Comprehensive Income.

Impairment provision of investments in Joint Venture ('JV') Padma Shipping

In 2014 the Company entered into a JV agreement with Noble Chartering Ltd ('Noble'), to secure competitive long-term rates for international freight for its imported coal requirements. Under the arrangement, the Company and Noble agreed to jointly purchase and operate two 64,000 MT cargo vessels through a JV company Padma Shipping Ltd, Hong Kong (Padma).

During FY18, the JV partner due to a change in their group strategy requested for the JV to be terminated and as the vessels were still under construction OPG agreed with this proposal. During FY19 one of the vessels was sold by the shipping yard and during FY20 the second vessel has been sold. The Padma JV will be terminated and dissolved following the sale of the second vessel which is expected to finalise during 2019.

OPG has invested approximately £3,484,178 in equity and £1,727,418 to date as an advance to Padma and the JV has been reported using the equity method as per the requirements of IFRS 11. The Company recognised an impairment provision in FY19 financial statements of £1,000,000 (FY18: £3,247,668) against its investment to date, including its advance to Padma, on account of the impending dissolution of the JV. The carrying value of OPG's investment in the Padma JV of £918,432 was classified as Assets held for sale in the Consolidated Statement of Financial Position as at 31 March 2019.

Earning per share (EPS)

The Company's total reported EPS increased to 3.81 pence from a loss of (24.68) pence earnings on account of an increase in PAT due to a higher loss from discontinued operations in FY18 and higher profitability in FY19.

Dividend

The Board declared FY19 full year scrip dividend of 0.6p per share (FY18: scrip dividend at 1 pence per share).

The Company has issued 31,601,503 (2018: 4,799,742) shares during FY19 with respect to scrip dividend at par value of £0.000147 (2018: £0.000147) per share amounting to £4,646 (2018: £706). The difference between fair value of shares issued above par value of £3,558,442 (2018: £1,248,331) with respect to scrip dividend was credited to share premium.

Foreign exchange gain on translation

The British Pound-to-Indian Rupee exchange rate has moved lower to a closing rate on 31 March 2019 of £1= INR 90.28 as against £1= INR 90.81 on 31 March 2018 thereby resulting in exchange gain of £1.2m on translating foreign operations.

Statement of financial position

Property, plant and equipment

The decrease in net book value of our property, plant and equipment of £3.2m principally relates to depreciation offset by additions and foreign exchange impact on account of translation during the year.

Other non-current assets

Other non-current assets (excluding property, plant and equipment and intangible assets) have decreased by £18.2m primarily due to reclassification of investments in solar companies and Padma Shipping to assets held for sale in current assets and a decrease in the non-current portion of restricted cash.

Current assets

Current assets have increased by £61.5m from £78.2m to £139.7m year-on-year primarily as a result of the following:

- Increase in assets held for sale by £50.5m
- Increase in trade receivables by £15.5m
- Increase in cash and bank balances (including restricted cash) by £2.6m
- Decrease in other short-term assets by £3.1m
- Decrease in inventory holdings by £2.6m
- Decrease in net current tax assets by £1.6m

Liabilities

Current liabilities have increased by £32.7m from £77.0m to £109.7m year-on-year primarily due to the classification of liabilities of the solar subsidiaries of £35.3m as liabilities held for sale.

Non-current liabilities have decreased by £7.9m from £88.6m to £80.7m year-on-year primarily on account of repayment of borrowings offset by an increase in trade and other payables.

Gross debt, gearing and finance costs

As of 31 March 2019, total borrowings were £80.4m (31 March 2018: £93.5m). The gearing ratio, net borrowings (i.e. total borrowings minus cash)/(equity plus borrowings), was 34% (31 March 2018: 40%). Gearing ratio is a useful measure of financial risk of the Company.

Total borrowings (current and non-current portions) decreased by £13.1m due to the repayment of term loans of £20.6m offset by the increase in working capital loans and the foreign exchange impact of appreciation of INR against GBP.

The Company achieved a major milestone with respect to Unit 1 of the Chennai plant (77 MW out of 414 MW) as the term loans were fully repaid in December 2018. Based on the term loans repayments schedule the Chennai plant is expected to be debt free in calendar 2023.

Finance costs have increased by £1.0m from £13.6m in FY18 to £14.6m in FY19 primarily due to the impact of the increase in foreign exchange losses offset by the reduction in interest expense following scheduled repayments of term loans.

KEY PERFORMANCE INDICATORS

Finance income increased from £1.6m in FY18 to £2.2m in FY19 and therefore net finance costs in FY19 amounted to £12.4m (FY18: £12m).

The restricted cash balance totalling £23.5m at 31 March 2019 (31 March 2018: £25.3m) is comprised of financial deposits that have been pledged as security against borrowings and Letters of Credit.

Cash flow

Cash flow from continuing operations before and after changes in working capital was £35.7m (FY18: £24.8) and £28.1m (FY18: £57m) respectively. Net cash flow from operating activities has decreased from £57.0m in FY18 to £28.1m in FY19, a decrease of £28.9m, primarily due to changes in working capital exceeding the impact of the increase in gross profit.

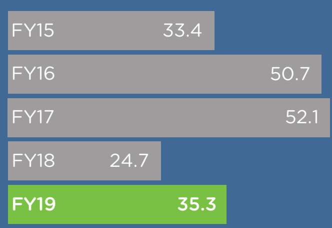
Movements (£m)	FY19	FY18
Operating cash flows from continuing operations before changes in working capital	**35.7**	24.8
Tax paid	(0.6)	(0.8)
Change in working capital assets and liabilities	(7.0)	33.0
Net cash generated by operating activities from continuing operations	**28.1**	57.0
Purchase of property, plant and equipment (net of disposals)	(1.5)	(1.1)
Investments sold/(purchased), incl. in solar projects, shipping JV, market securities, and interest received	1.2	(28.8)
Net cash from/(used in) continuing investing activities	**(0.3)**	(29.9)
Finance costs paid, incl. foreign exchange losses	(14.8)	(13.6)
Dividend paid	–	(1.6)
Total cash change from continuing operations before net borrowings	**13.0**	11.9

Dmitri Tsvetkov
Chief Financial Officer

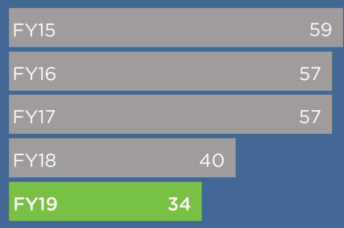
31 July 2019

FINANCIAL

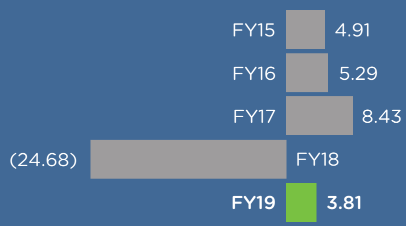
ADJUSTED EBITDA
(£m)



GEARING
(%)

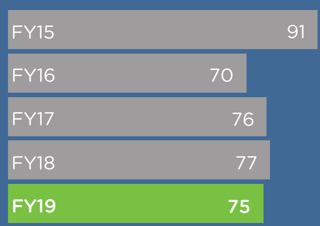


EPS
(£ pence)

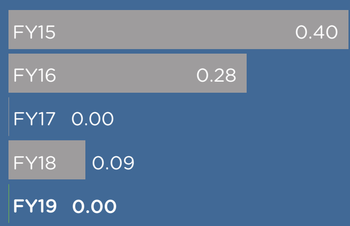


NON-FINANCIAL

PLANT LOAD FACTOR
(%) (Group)



TOTAL RECORDABLE INJURY RATE (Chennai)



COO OPERATIONAL REVIEW

"Both coal availability and water consumption are two factors, which have disrupted the availability and load factors of other thermal power plants in India in recent years. OPG's plants are designed to be able to use a wide range of fuels, both domestic and international, and the Company further has the capability to maintain reserves of coal. This has been integral to coal availability at its locations and we haven't faced any interruptions on account of coal since commissioning of any of the units."

The following is a review of operations for the year.

Plant availability and generation

Our operational performance is affected by our revenue generation model, plant availability and load factors and auxiliary power consumption.

Both coal availability and water consumption are two factors that have disrupted the availability and load factors of other thermal power plants in India in recent years. OPG's plants are designed to be able to use a wide range of fuels, both domestic and international, and the Company further has the capability to maintain reserves of coal. This has been integral to coal availability at its location and we haven't faced any interruptions on account of coal since commissioning each unit. In addition, the plants are designed to limit the consumption of water as they are built with air cooled condenser technology rather than being water cooled with the result that OPG's plants use around 99% less water than a typical water cooled thermal power plant that is commonly installed around India and globally. This is a key feature as our units operate in a region that is naturally water scarce. As a result of these features, our station availability has remained consistently around 75-80%. This is important as availability is the basis of our reward on the 74 MW Long-Term Variable Tariff ('LTVT') which is discussed further below.

Our load factors take account of plant availability as reduced by external factors like normal seasonal demand adjustments to their offtake under the LTVT (though the customer still pays us as discussed further below), enforced system back downs and one-off disruptions to demand such as due to adverse weather conditions.

Total generation at our 414 MW Chennai plant in FY19, including 'deemed' offtake, was 2.7 billion units which is 2% lower than last year primarily due to Unit IV (180MW) being shutdown from early December 2018 to early March 2019 whilst turbine repairs were undertaken. The Chennai Plant Load Factor ('PLF'), including 'deemed' offtake, in FY19 was 75% versus a national average for thermal plants of 61%. In FY 20, the Company expects load factors at Chennai to be around 70-75% which is lower than in FY19 primarily as a result of planned shutdowns to implement an emission reduction programme.

Auxiliary consumption levels are also a key measure of plant efficiency, and are typically between 7.5-8.5% for our Chennai units.

Sales contracts

During FY19, the Company continued supplying directly to industrial customers under short-term and multi-year contracts in Chennai. The tenure of sales contracts entered into with industrial customers at Chennai was between one year and three years. This has accelerated cash collections and improved visibility of earnings.

The capacity allocated to industrial customers under such contracts was 334 MW, or 81% of the plant's installed capacity. 74 MW of Chennai capacity has remained available for supply on the LTVT to the Tamil Nadu state government.

A significant portion of supply of electricity to industrial customers provides an element of protection from grid-related issues. During the year the state of Tamil Nadu was forced to restrict grid access by reducing its purchases of electricity from many generators of conventional power during an especially strong wind season due to grid constraints. Industrial customers are less affected by such restrictions as the state seeks to ensure continuity of supply to business.

For FY20, the Chennai plant expects to continue with its diversified sales mix, contracting the majority of its generation from 334 MW to captive customers and the balance of 74 MW (net) to TANGEDCO under the 15 year Power Purchase Agreement ('PPA').

The Chennai plant realised an average tariff of Rs5.41 in FY19 (FY18: Rs4.92) and a 'deemed' offtake charge of Rs1.50 per unit for 'deemed' generation. The difference between tariff and cost of coal on a per unit basis ('the Clean Dark Spread') was Rs1.82 at Chennai for FY19 (FY18: Rs1.47) which we believe continues to be amongst the best in the sector, notwithstanding the highly elevated prices of coal in the first half of FY19 (as reported earlier) as well as measures taken by management to mitigate high coal price volatility.

For FY20, at Chennai, the Company expects the average tariff to be around Rs5.60 as opposed to Rs5.41 in FY19, largely due to full year benefit from the increase in tariff negotiated with all the captive customers in October 2018, which is expected to continue to be realised in FY20. Further, average realised tariffs on multi-year contracts would benefit from any increase in regulated tariffs by the State Government.

Coal supply and prices

The Company has consistently been able to import low sulphur coal from a small number of high-class Indonesian coal producers and traders with whom we have developed long-standing relationships. The Company has purchased coal primarily on short and medium-term contracts in FY19 and as such the Company benefited as prices started falling during the end of the year.

The average coal price was Rs4,517 per tonne in FY19 which is slightly lower than the average price for FY18 of Rs4,527 per tonne, despite the international coal prices being at their all time high for the first half of FY19. Following the coal price spike in the first nine months of calendar 2018, coal prices have since weakened, predominantly as a result of policy actions undertaken in China. Independent forecasts predict for international coal prices to reduce further in FY20 and beyond.

In FY20, the Company contracted a fixed price coal purchase contract for procurement of 1m tonnes of coal in FY20, which represents approximately 60% of our annual requirement. The delivery of coal under this contract will take place from June 2019 to March 2020. This creates a hedge against further volatility in the coal price due to seasonal fluctuations and any major policy decisions of China.

The Company also executed a small quantity of financial swaps in FY19 in order to hedge our coal cost. The impact of this remains nominal as these trades reflect a very small percentage of our annual consumption. The liquidity in the swaps market had remained low in FY19, but has increased in FY20 and this trend is expected to continue. With this trend the Company expects to be able to continue to further hedge our cost by undertaking larger positions on the financial coal markets. However, the impact of this on our coal cost is expected to remain nominal in FY20, till the market develops to a robust size.

Consensus expectations continue to be for international coal prices to recede in 2019 (as they have done so consistently for the last two months) and in 2020 with longer-term consensus expectations for that trend to continue whilst coal supply is expected to stay robust.

The Company will continue to actively review its procurement and hedging practices to establish ways in which to mitigate the volatility of the coal price and will report any material developments in this regard.

Safety and environmental compliance

The Company made good progress with its safety programme, recording no fatalities and a industry standard Total Recordable Incident Report ('TRIR') in FY19 for Chennai.

The Company continues to minimise its consumption of water through air cooling and we operate with a philosophy of continual improvement with regard to any effluent.

India is a signatory to the Paris Climate Agreement and to comply with that, all thermal power plants across the country have to meet revised stack emission standards in a staged manner by 2022. However, since 226 GW thermal capacity in the country has to undergo the changes, it is likely that standards will be re-notified. The Company is evaluating various technologies with a view to be fully compliant to the revised emission norms by the stipulated timeline.

Solar projects

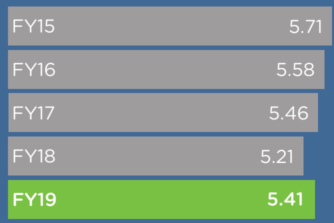
62 MW Karnataka

In FY17, the Company had signed long-term 25 year PPAs for 62 MW with Karnataka Discoms at an average tariff of Rs5.00 across the four sites. In FY18, the entire 62 MW of solar plant has been commissioned. The plants got fully ramped up in the course of FY19 and achieved an annual average PLF of 17%. All the four plants are now operating at their maximum optimal PLFs and are expected to achieve an annual average PLF of around 20% in FY20. Currently the projects are being paid a tariff of Rs4.36 per kWh but following favourable interim court orders we expect that Karnataka Discoms will be paying us the tariffs specified in the PPA, i.e. average tariff of Rs5.00 across the four sites.

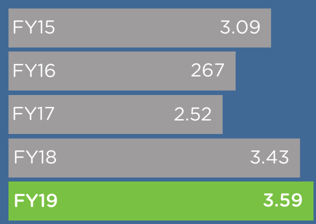
Avantika Gupta
Chief Operating Officer

31 July 2019

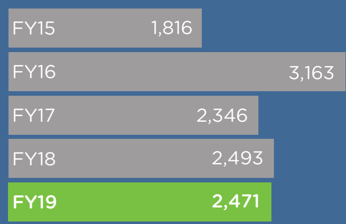
AVERAGE TARIFF REALISATION (INR/kWh)



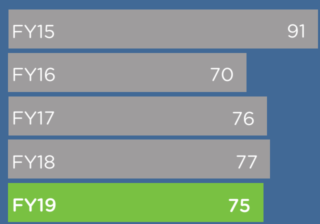
COST OF GENERATION PER UNIT (INR/kWh)



GENERATION (million kWh)*



PLANT LOAD FACTOR (%) (Group)

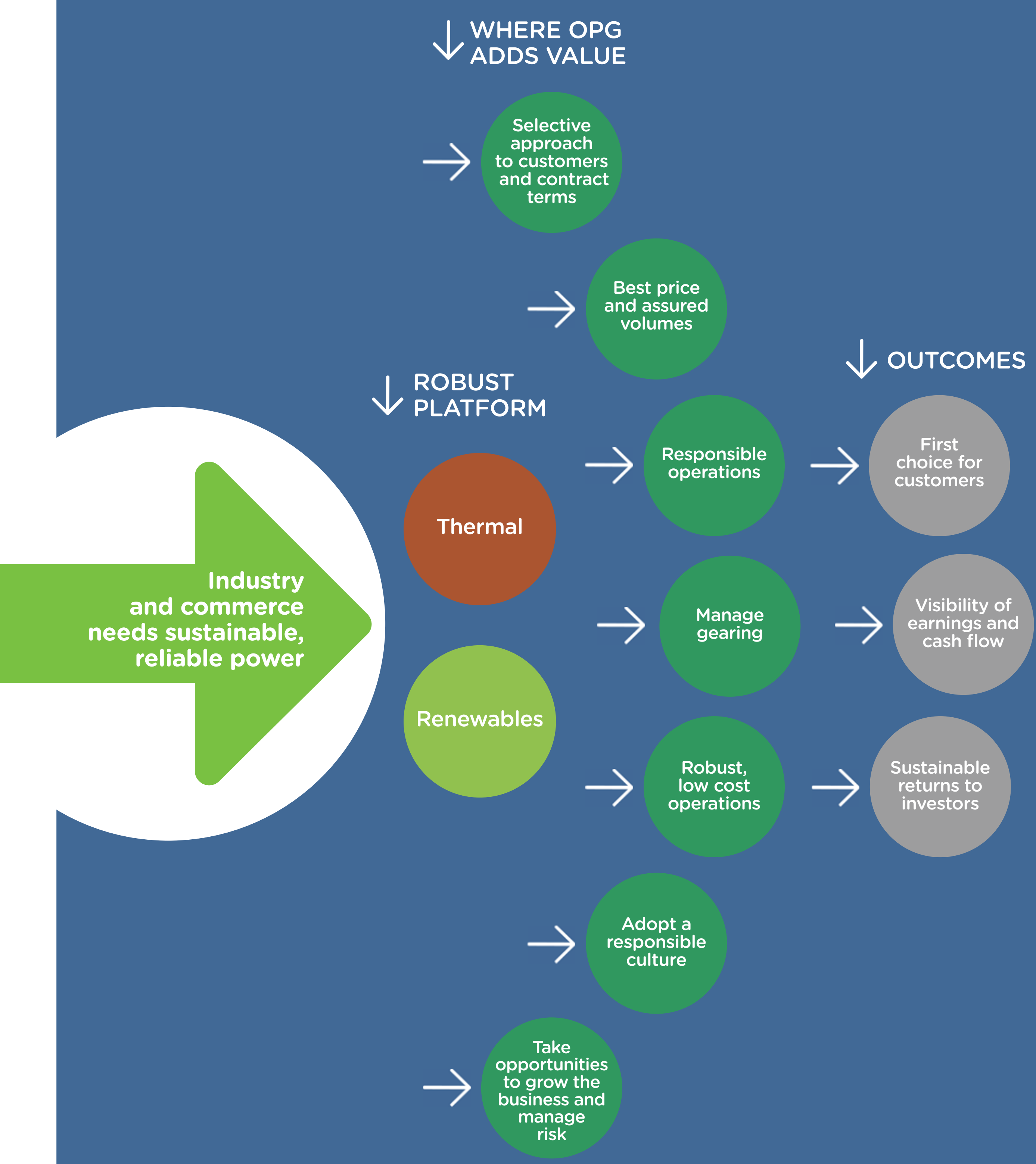


PLANT LOAD FACTOR (%)[(1)] All India (Coal & Lignite based Plants)

* Note: FY17 to FY19 includes only Chennai Operations.
** Note: FY16 includes 704m units from Gujarat that were capitalised, exlcuding deemed generation for Chennai Unit 3 of 0.4 billion (0.2 billion in FY16).
*** Average tariff includes effect of deemed offtake tariffs for Chennai Unit 3.
(1) Source: powermin.nic.in

BUSINESS MODEL

Our model is driven by economic growth and the demand for power in India.



GROUP OBJECTIVES AND STRATEGIES

The Group's objective is to build shareholder value through profitable growth by becoming the first choice provider of reliable and uninterrupted power at competitive rates to its customers.

In addition, the Group's aim is to be a sector leader by reference to the quality of its earnings, the profitable growth it delivers and its performance against its own stringent safety and environment management standards.

To meet these objectives, the Group's strategy includes:
(i) maximising the performance of its existing power generation assets;
(ii) reducing its cost of capital and paying dividends;
(iii) pursuing responsible growth; and
(iv) delivering accretive growth projects within its areas of expertise.

STRATEGIES	DESCRIPTION
→ Maximising performance of existing power plants	**Customers** The Group is committed to maximising the performance of its existing power generation assets through plant availability and providing a reliable and uninterrupted supply of electricity directly to its customers. The flexible design of our plants allows us to procure a variety of international and domestic coal and maintain an uninterrupted supply of coal. Further, the Group seeks to achieve competitive prices that are negotiated directly with customers. The Group's use of the Group captive model means that it is well positioned to respond to fluctuations in fuel costs through short- and medium-term sales contracts. **Profitability** The Group's strategy involves developing and operating its power plants under the Group captive model enabling it to set its own tariffs with captive users and thereby providing the Group with the flexibility to optimise tariffs and profitability. The Group continuously seeks to improve its operational performance and so implements strategies for the optimisation of its power generation assets.
→ Reducing cost of capital and paying dividends	The Group aims to maximise cash generation at its existing power plants in order to provide liquidity support for its operations and to repay debt, pay dividends and generate equity for use in potential projects. The Group continues to prioritise projects that can be funded through a combination of debt financing and internal resources, and that can be expected to generate revenues which meet its target return levels without any direct subsidies being made available. Furthermore, the Group seeks to maintain manageable gearing levels and regular open dialogue with its shareholders and financing partners. **Dividends** The Group seeks returns for shareholders and has adopted a dividend policy that will, initially, seek to pay out 15% of full year net earnings, subject to the level of free cash flow generated (calculated after scheduled debt repayments and expected capital expenditure), and progress to a long-term dividend strategy that pays out a third of the Company's net earnings in any year.
→ Deleveraging	As of 31 March 2019, total borrowings were £80.4m. The gearing ratio (total borrowings minus cash)/(equity plus borrowings) was 34% (31 March 2018: 40%). Total borrowings (current and non-current portions) decreased by £13.1m due to repayment of term loans, partially offset by an increase in working capital loans through operations of the Chennai plant. The Company achieved a major milestone this year as the term loans with respect to Unit 1 of the Chennai plant (77 MW out of 414 MW) were fully repaid in December 2018. Based on term loans repayments schedule the Chennai plant will be debt free by the end of 2023.

MARKET REVIEW

Overview of the Indian Economy: Power is one of the most essential components of infrastructure crucial for economic growth and welfare of a nation like India. To sustain the rapid economic growth that India has seen over the last few years, power sector will continue to play a pivotal role. India is the third largest producer and consumer of electricity in the world behind China and US with a production of 1,249 billion units during FY 2018-19.

Key macroeconomic indicators

Gross Domestic Product ('GDP')

India's GDP increased from around Rs92 trillion in fiscal 2013 to about Rs141 trillion in fiscal 2019, which represented a compound annual growth rate ('CAGR') of approximately 7.3%. India's GDP growth rate of 6.8% in fiscal 2019 was significantly in excess of the world average of 3.0% in 2018. The Indian economy was negatively impacted during the last two fiscal years. As per a Finance Ministry report declining growth of private consumption, weak increase in fixed investment and muted exports are some reasons for the slowdown. Also feebler agricultural and manufacturing growth, have resulted in a lower estimated real GDP growth rate of 6.8% in fiscal 2019.

Current Account Deficit ('CAD')

After reaching 4.8% of the GDP during fiscal 2013, India's CAD has declined progressively, reaching 0.6% of GDP in fiscal 2017. This decline was primarily due to lower oil prices since oil imports constitute the largest share of India's import costs. During the last two fiscal years, CAD is widening mainly due to net terms of trade erosion caused by firming international commodity prices especially of crude oil, gold and coal.

Inflation

FICCI's economic outlook survey says that Inflation is expected to remain moderate and the Wholesale Price Index ('WPI') based inflation rate is projected at 3.1% in 2019-20, with a minimum and maximum range of 2.1% and 4%, respectively. While, the Consumer Price Index ('CPI') based inflation has a median forecast of 4% for 2019-20, with a minimum and maximum range of 3.5% and 4.1%, respectively.

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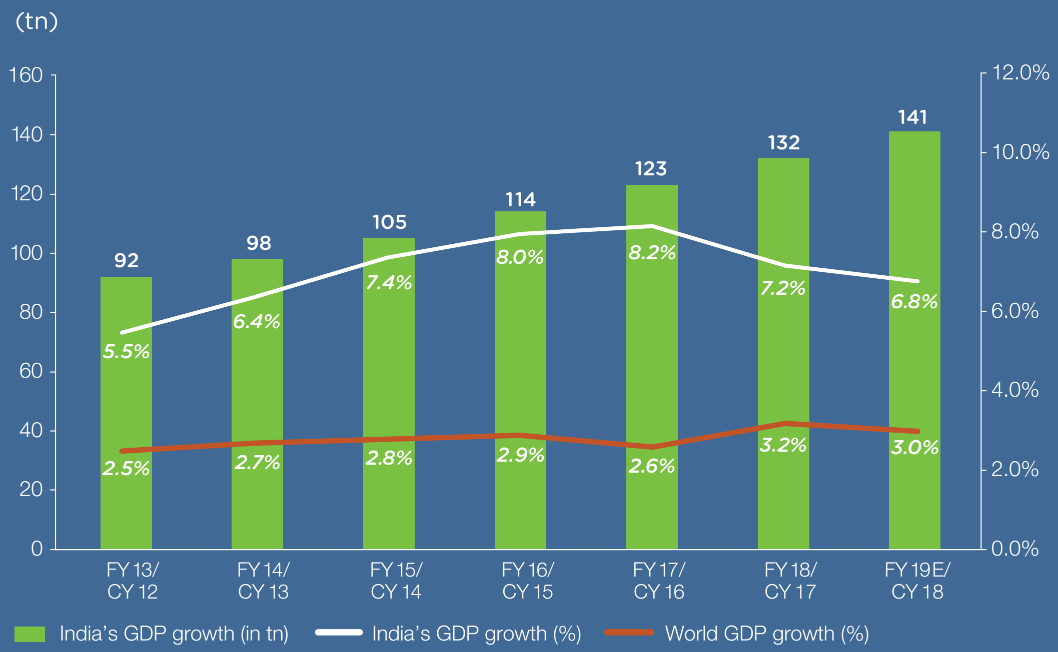
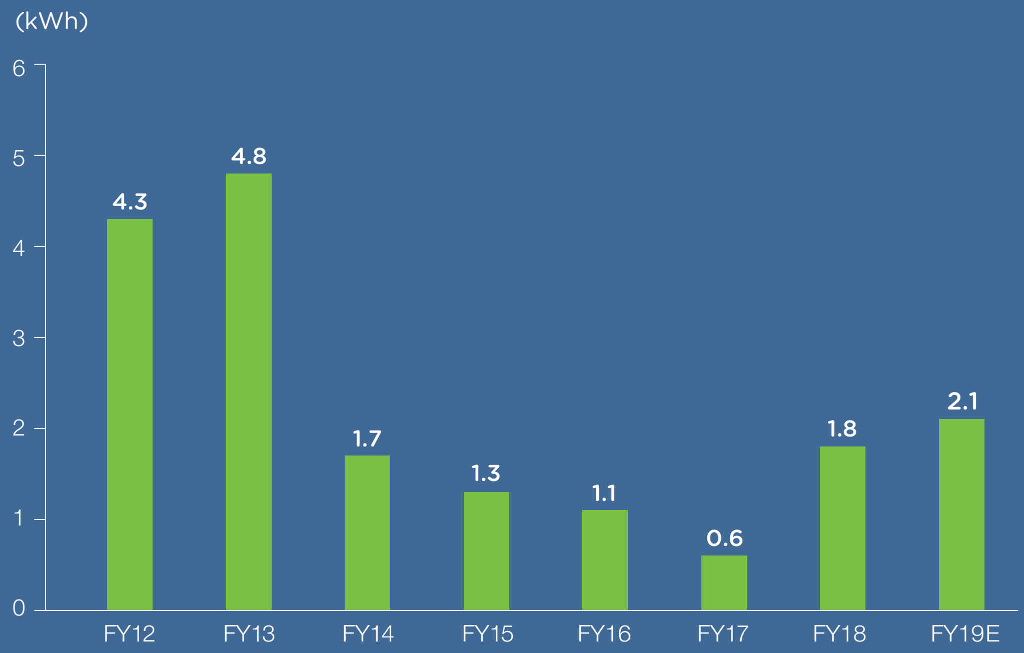
Gross Domestic Product (GDP)



Source: Central Statistics Office ('CSO'), World Bank Data Indicators

CAD as a % of GDP



Source: RBI

MARKET REVIEW
CONTINUED

Outlook for the Indian economy

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships.

As per the International Monetary Fund ('IMF') the Indian economy is now expected to expand 7% in the year ending 31 March 2020. Economic growth is expected to accelerate to 7.2% in the following year, which is 30 basis point (bps) lower than the previous estimate for both the years due to a weaker than expected outlook for domestic demand. CRISIL Research report comments that, with a weak global environment, India will have to lean on domestic factors for growth and consequent to the government pursuing a fiscal consolidation path, the pickup in growth is expected to be gradual. In May 2019, RBI cut policy rates for the third consecutive time by 25 bps and changed its stance to accommodative from neutral, signalling that more rate cuts were in store to revive growth and support faltering consumer demand.

Government of India's recent initiatives

The Government of India ('GoI') has undertaken a number of initiatives aimed at reviving private consumption, lowering the quantity of non-performing assets ('NPAs') of banks, and improving the investment climate to support domestic economic growth. Some of the key initiatives include:

- passage of key laws including the Insolvency and Bankruptcy Code, 2016 which aims to support expeditious resolution of bankruptcies, the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 to distribute subsidies, rural wages and pensions through an electronic platform, and the Central Goods and Services Tax Act, 2017 to reduce the cascading effect of taxes;
- preparation of significant capacity augmentation plans in the power transmission and distribution infrastructure in order to improve electricity access;
- improvement of the labour market through various programmes such as "Skilling India" and "Make in India"; and
- development of the financial markets through initiatives such as the Jan Dhan Yojana, encouragement of higher FDI in insurance and a better monetary policy framework.

Overview of the Indian power sector

India is the third largest producer and third largest consumer of electricity in the world after China and the United States, with the installed power capacity reaching 358.9 GW as of June 2019. The country also has the fifth largest installed capacity in the world.

Despite being among the top three power producers and consumers in the world, the per-capita electricity consumption in India was only 1,112 kWh in 2017. This was significantly lower than the world average and the lowest among the BRICS ('Brazil, Russia, India, China and South Africa') nations. This indicates the strong growth potential of the Indian power sector.

Demand for energy grew at a CAGR of approximately 4.87% over the period from fiscal 2010 to 2019, while energy availability grew even faster at a CAGR of 6.06% over the same period. Growth of energy produced from fiscal 2010 to 2019 is 5.5%. While India continues to remain a power deficit country, the deficit is reducing and in fiscal 2019, the energy deficit declined to 0.6%.

Historically, power demand growth has largely followed GDP growth (see the chart below). Indian GDP is expected to be among the top three economies in the world and year-on-year growth estimated to be at c.7%.

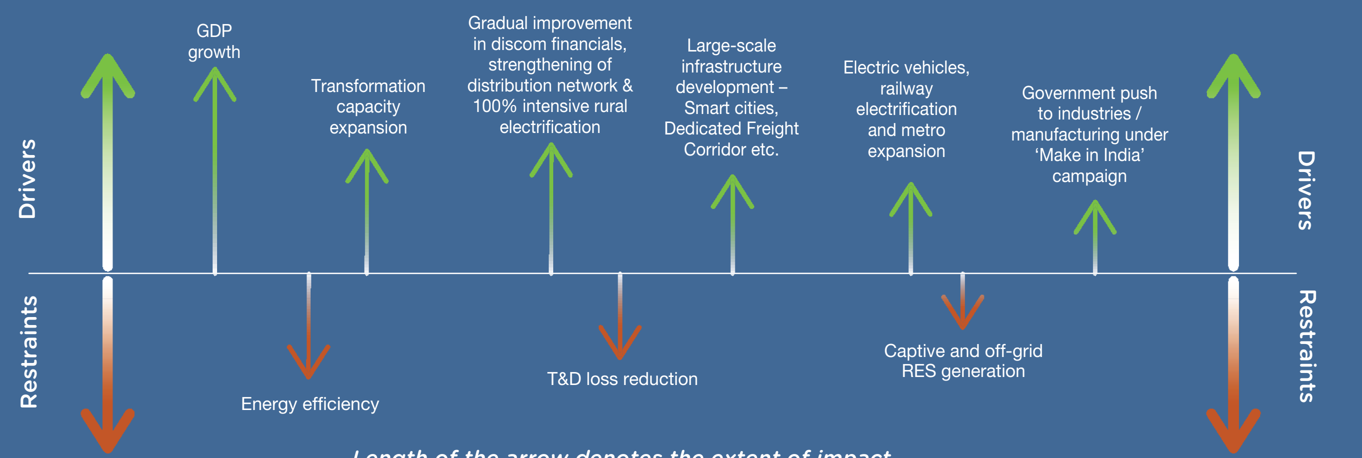
The key drivers for the demand increase would be initiatives such as "24x7 Power for All", development of "smart cities", the "Housing for All" scheme, industrial push through "Make in India", increasing urbanisation, infrastructure requirements, electric mobility, and overall strong economic growth.

The GoI has announced its goal to produce only electric vehicles ('EVs') from year 2030. With the right policies in place and the GoI's focus on promoting EVs, these are expected to further increase demand.

The demand for energy is expected to rise with a gradual improvement in the financial health of DISCOMs, primarily due to the implementation of the UDAY scheme which aims at improving the financial health of DISCOMs through initiatives such as reduction in interest cost, reduction of cost of power and improvement in operational efficiencies.

Demand for power is also expected to be supported by the increasing availability and supply of power and improving infrastructure, as well as an improvement in economic activity led by higher demand from key infrastructure and manufacturing sectors such as metals, mining, chemicals, cement and automobiles.

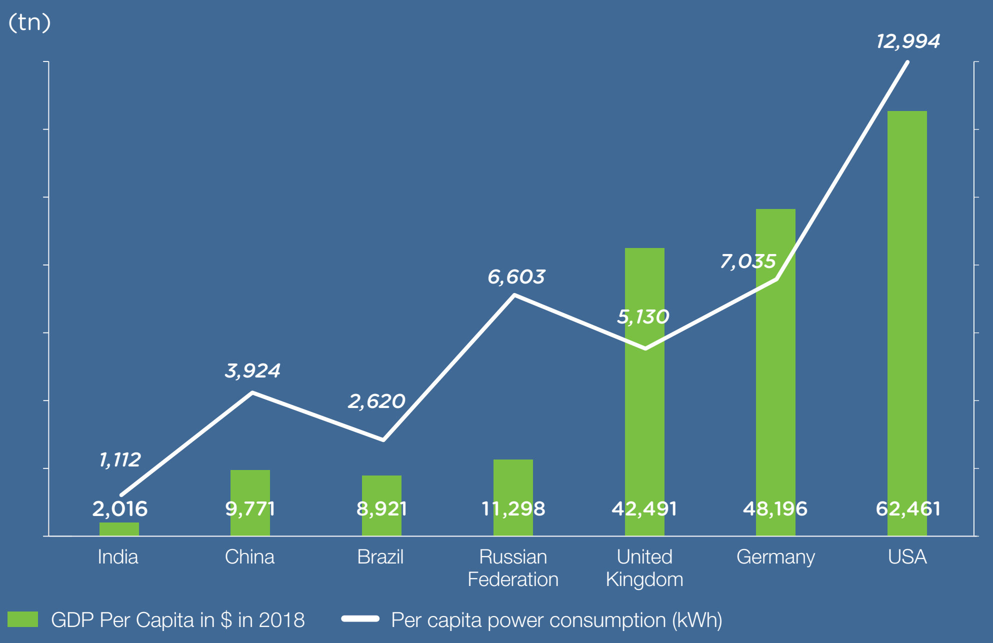
Factors influencing power demand



Length of the arrow denotes the extent of impact

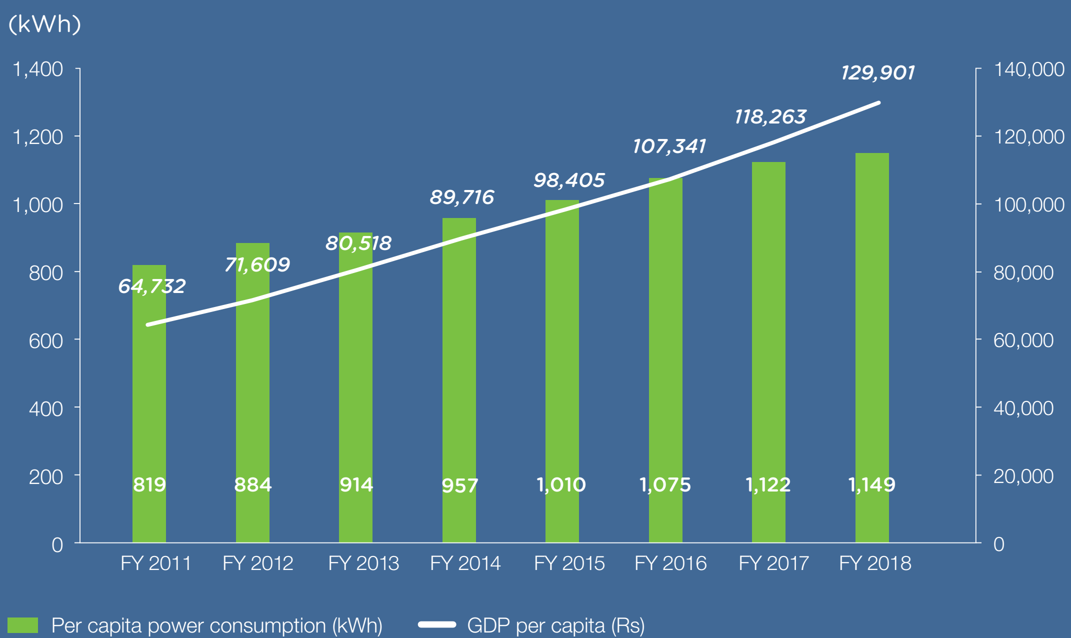
Source: CRISIL Research

India's per-capita power consumption was less than half of the world's average in 2017: World Average Electricity Consumption for 2017 is 3,126 per capita



Source: World Bank

Growth in per capita power consumption in India against per capita GDP



Source: CEA & Ministry of Statistics

SUSTAINABILITY REPORT

At OPG, we believe in efficient, sustainable, responsible and inclusive growth. We ensure that the health and safety of all our employees and workers remain a top priority for us. Environmental compliance and conserving resource remains an integral part of our organisational culture and we continue to proactively engage with communities near our operations. We are intensifying our engagement with them in the coming years to have a measurable positive impact on them.

Sustainability and Responsibility is at the core of our operations. Maintaining our social responsibility is vital to successfully create value from our operations. We aim to achieve international best practices with our efforts and continually evaluate our health, safety, environment, and community practices to ensure we are delivering to all our stakeholders. We are committed to improving the lives of the societies in which we operate through the integration of economic prosperity, social development and environmental protection.

Our approach

We take our social and environmental responsibility as seriously as our business and economic goals. We recognise that providing safe, efficient and responsible operations are key to long-term sustainability of the organisation.

We have identified three areas of priority where we continued our work in a focused way in the financial year FY19.

- Health and Safety
- Community Support
- Environmental Performance

HSE governance

The Board's Health, Safety and Environment Committee ('HSE Committee') was instituted to develop, implement and oversee a health and safety culture in the Company and to assist the management in its drive towards achieving and maintaining industry-leading performance in these areas. It keeps track of strategic and operational issues.

The plant has a dedicated Steering Committee which report to the HSE Committee and is entrusted with the day to day responsibility on Health, Safety and Environment at the site. The responsibilities of the Steering Committee include adhering to the HSE compliance, planning training and managing incidents. At the plant level these Committees monitor all the necessary action on the ground such as incident and accident data, corrective measures for previous incidents and ensure protocols are implemented to avoid repeats of any incident. They further also review the annual health data and ensure medical check-ups are done for all plant employees.

Health and safety

Our continued and concerted efforts towards health and safety of our employees have been rewarding and motivating for us and our employees. Zero Harm is our vision for safety at OPG and pursuing a goal of Zero Harm and incident free operations gets the highest commitment from OPG's management. We have structured our Health and Safety programme in a way that we have stringent procedures around safety and zero tolerance for unsafe behaviour and practices around safety.

The responsibility of safety lies with OPG for all OPG employees and contractors. Annual health check-ups have revealed no occupational health issues amongst the workforce which is checked by a certified doctor from the Indian Government's Inspectorate of Factories.

Health and systems

Our approach is to implement systematic change. The Chennai plant is certified with ISO 14000 and OHSAS 18001 ('Occupational Health and Safety Management System'). This system helps in identifying hazard risk and minimising or eliminating that risk.

We adhere to national laws on Occupational Health and Safety related legislations. We have implemented policies strictly in accordance with the legislation in letter and spirit.

Carbon monoxide in the coal handling plant is measured and monitored twice per month; lux

0.0 TRIR

In FY19 for the Chennai Plant, we had a Total Recordable Incident Report ('TRIR') of 0.0 and zero fatalities.

('SI unit of illuminance') monitoring during day and night and Suspended Particulate Matter and Noise monitoring are carried out regularly. We have two dedicated air quality monitoring stations at the plant to continuously monitor the quality of the ambient air, particularly the Sox, Nox and particulate matter levels. Periodic health check-ups are carried out for the employees and contractors including CBS, Urine Routine, Pulmonary Function Test, Audiogram, Eye Check-up and Chest X-Ray.

Training and supervision

Continuous training programmes in safety management are established. All employees and contractors at our sites are provided with the necessary training.

The following are the key areas of training carried out at both plants:

- Safety induction training (mandatory for every new entrant in the system)
- Tool box talks (daily)
- Safety training for all employees (weekly)
- Safety training for contractors (monthly)
- First aid training
- Area specific training
- OHS training (5 day)
- Hazard identification and risk assessment training
- Fire extinguishing drill
- Arc flash

Supervision

Following safety practices such as wearing safety gear – goggles, reflective jackets, headgear and other necessary equipment is mandatory for every worker, employee or visitor at OPG.

Promoting a safety culture

In an Indian context, creating a safety culture is essential to ensure personnel don't underestimate the safety issues. Apart from the governance on safety, setting up systems, providing training, it is important to promote a safety culture through a mix of educating, disciplining and incentivising practices.

For example:

- Incentivising reporting of near misses
- National Safety Week celebrations
- Visitor safety guidelines on visitor passes

Emergency response and reporting

- An onsite well equipped medical facility with a doctor and two nurses is available in case of any emergency
- Incident reporting format is specified and it is presented in the monthly safety report and safety committee meetings
- Any condition that is unsafe is brought to the notice of the head, a responsibility is fixed for mitigating the risk in a time bound manner and the list is monitored
- For each incident, reporting is done with incident type and root cause is analysed. It also specifies how the accident risk can be mitigated
- We have had an excellent safety record in certain areas in plants such as boiler ESP, Turbine and Generator, Transformer, ACC, Switch Yard and DM Plant

Environmental performance

Continual improvement in environmental performance through responsible operations is one of the key pillars of our corporate strategy. Operational efficiency and environmental stewardship are two key drivers for our environmental management programme.

I. Environmental compliance

It is our resolve to remain compliant and strive to stay ahead of compliance by monitoring and measuring our impact. We are compliant on all relevant environmental local acts and rules. Our plant has all the necessary waste water treatment equipment. There is no consumption of POPs ('Persistent Organic Pollutants') in any of our operations.

II. Emissions

Technology used at OPG plants is compliant to meet the present national emission standards.

India is a signatory to the Paris Climate Agreement and to comply with that, all thermal power plants across the country have to meet revised stack emission standards in a staged manner by 2022. However, since 226 GW thermal capacity in the country has to undergo the changes, it is likely that standards will be renotified. The Company is evaluating various technologies with a view to be fully compliant to the revised emission norms by the stipulated timeline.

Our stack emission monitoring analyser is continuous and has been linked to the State Pollution Control Board servers to relay real-time emissions data. A LED display board has been fixed at our main gate to displays the real-time emission levels. We also have 2 dedicated stations within our site to do continuous monitoring of ambient air quality parameters including Sox, Nox and SPM. This monitors that the air in the area surrounding the plant is within norms and there is no negative impact of the stack emissions in the ambient air.

To control dust emissions, we have installed Electrostatic Precipitators before the stack that work at 99.9% efficiency. The efficient Electrostatic Precipitators help in controlling emissions well within the prescribed limits. Even in coal unloading areas, various dust suppression systems are in place. In coal crushing area, dust filters are installed to avoid

Our continued and concerted efforts towards safety and health of our employees have been rewarding and motivating for us and our employees. Zero Harm is our vision for safety at OPG and pursuing a goal of Zero Harm and incident free operations gets highest commitment from OPG's management.

SUSTAINABILITY REPORT
CONTINUED

dust generation. During the year to further control dust emission from coal movement and unloading, we have erected wind screens and water sprinklers in various areas around the coal handling plant and we have procured an automatic heavy duty sweeping machine to clean the roads used for coal movement.

In line with this Paris Climate Agreement, the Indian Government charges a coal cess of INR 400 a tonne which is contributing towards decarbonizing India's economy through this taxation as the corpus funds green ideas and green projects. The total cess paid during FY19 was approximately Rs 0.7 bn.

III. Measuring and improving environmental performance
Some of the important indicators that we measure are auxiliary power consumption, water quality and quantity, waste generated and recycled and emissions (Sox, Nox, SPM, GHG, CO), ambient air quality parameters (Sox, Nox, SPM). Whether it is material use, or energy, or water we believe in reducing, reusing and recycling and disposing of the hazardous materials in compliance with guidelines.

IV. Energy
OPG generates power for other consumers that are industrial and commercial establishments. The energy that is consumed within the plant is to maintain facilities, air conditioning, systems etc. Auxiliary Power Consumption for OPG for FY19 is 7.78%. We continuously strive to optimise the energy consumption of our internal facilities through energy management systems.

V. Energy efficiency and conservation
OPG recognises the significance of Energy Conservation for a better tomorrow. Some of the important energy saving steps we have taken at our plant are optimising the Flyash system, Conveyor running hours and ACC fans running performance. In-house, we developed an online monitoring system and optimised HP Heater performance. Terminal parameters are continuously monitored for heat rate improvement. During the year we undertook a compressor system audit and reduced the compressor utilisation by half. As part of energy saving measures, we are doing BFP stage reduction and switching to a LED lighting system which has both environmental and economic benefits.

VI. Water
The primary source of water for our plants is ground water. Ground water level is measured regularly at various points through piezometric wells and level of water is as desired since we have taken measures in improving the ground water level through recharge pits across the plants. Water cycle is a closed loop system at OPG, and water recovered during the process is diverted to an effluent treatment plant. Treated water enters the water cycle again and the reject goes to the solar pond for evaporation. The water used for domestic consumption at the plant is treated in Sewage Treatment Plant ('STP') and the treated water from STP is used for nurturing the green belt. There is no effluent that is released from the premises and OPG plants qualify as zero discharge plants.

Quality of water at various entry and exit points in the system show that the pH is well within the prescribed limit.

The plant processes were set up in a way that water could be recovered and sent back to the source. One of the major uses of water at any thermal plant is for cooling through water cooled condensers which is the norm for most power stations. However, at OPG, we save huge quantities of water due to the air cooled condensers which are employed to reduce water usage. These effectively reduce the water footprint per unit generated by 99% in comparison to conventional water cooled condensers. Air cooled condensers having 99.5% recovery of condensate along with air cooled heat exchange equipment effectively deliver huge water savings. To reduce the discharge of water from the system some other initiatives are the reverse osmosis unit for effluent treatment plant and sedimentation tank for backwashed water.

VII. Rainwater harvesting initiatives
- Rainwater harvesting systems at the plants are designed to collect 90% of runout
- Storm water drains with infiltration wells have been made in the plants to enrich ground water table
- Infiltration pits were dug along storm water drains to increase infiltration of water during rains
- Input recharging pits were cleared and cleaned at regular intervals to ensure water recharge
- To strengthen the system further gravel was cleared of silt, protective fencing was put around the pits. Water from the rainwater gutter pipes are connected to the water storage tank
- This year we will be constructing a further rain water storage pit in order to further recharge the water table

VIII. Disposal of waste
Irresponsible disposal of hazardous waste is one of the most potentially dangerous acts that can impact ecology and mankind immensely. We are very proud to say that we have absolutely no waste that is hazardous and is disposed of against Basel Convention. All hazardous waste, which in a thermal power plant is only small quantities of oil soaked cotton waster, batteries etc., that we generated have been disposed safely to the government authorised vendors.

99.9%

To control dust emissions, we have installed Electrostatic Precipitators that work at 99.9% efficiency.

7,000

This year alone as part of a plantation drive we have planted 7,000 saplings both within the plant premises and in neighbouring villages.

IX. Green initiative and afforestation:

We have dedicated 30% of the area at our premises as green belt to promote local biodiversity in the area and we continued our afforestation initiative within and outside the premises of our plant including nearby areas. We annually plant 2,000 trees at each of the sites. And we have a three year plan to continue such annual plantations. This year alone as part of a plantation drive we have planted 7,000 saplings both within the plant premises and in neighbouring villages.

Community support – OPG outreach

As a corporate with a motto of 'responsible operations', we engage with communities around our area of operations. Our goal is to impact the lives of the people around our operations in a positive way. The basis of the engagement with the communities is understanding their needs. As we carried out the exercise of need assessment in 2012-13, we are continuing our interaction with them and all the support is continued as per the needs of the communities.

A systematic engagement plan was evolved in collaboration with the communities where it emerged that the local communities needed assistance in health, education, community spaces, environment and recreation. Some of the basic principles that guide our engagement with the communities are transparency, accountability and gender inclusiveness.

I. Education

Through our long lasting association with the schools near our plant, we distributed school uniforms, shoes, bags and stationery to 1,080 children. We are continuing to fund salaries of 11 teachers in Government Schools adjacent to our plant, three girl child sponsorships, and 86 college/school fee funding has been provided to needy students.

We have also additionally sponsored school and college fees of children of our contract employees who have shown academic excellence.

II. Health

We are continuing our health initiative in nearby villages, where we already renovated and upgraded the dispensaries. The number of patients treated every day in these dispensaries is around 50. We continued to provide the doctor's salary, medicines, staff salary, supply of materials and nursing staff salary along with petrol reimbursement of the staff.

We have improved sanitation facilities by constructing toilets in the nearby villages.

During FY20 we have adopted a goal of making our campus and the surrounding five villages hepatitis free and as such we will be conducting health camps in a staged manner in all the villages to do detection and treatment of all people infected with hepatitis B and C. Additionally, at the camps we will inoculate all the people to ensure that they do not contract hepatitis in the future. Our aim is that in FY20 we will test, inoculate and treat 4,500 people.

III. Local environment

Some of the initiatives that were taken in the current year are:

- Green initiative within our premises where we planted more saplings to increase the green cover in the area
- Mechanical road sweeping of the coal transportation route
- Sprinkling water for dust suppression

During FY20, due to the acute water shortage in and around Chennai we are supplying drinking water tankers for one month in one of the neighbouring villages as a short-term relief measure. In order to provide a more long-term sustainable solution to the water shortage, we are establishing one new bore well in each of the five nearest villages to increase the availability of water in these communities.

Additionally, we intend in the next three to five years to maintain and develop surrounding forest land in order to enhance the ecosystem, limit deforestation and consequently replenish the ground water levels.

IV. Livelihood generation

To help those who have no means to create a livelihood for themselves, we have donated sewing machines to a group of women who now run a successful stitching centre and we continue to assist the centre by providing monthly maintenance charges such as rent, electricity, repair work etc.

We have conducted local recruitment drives in the nearby villages and have employed educated graduates for technical positions in the plant.

We have indirectly generated job opportunities for 500 families by engaging the villagers across various services in the plants such as gardening, housekeeping etc.

V. Contribution for community places

Many of the community relationships get strengthened around places of worship. Based on the needs of the communities, we have supported construction of a church in the neighbouring villages. Similarly, we have supported many temple initiatives in the villages around our operations based on the needs of the locals.

As a corporate with a motto of **'responsible operations'**, we engage with communities around our area of operations. We would like to impact the lives of the people around our operations in a positive way.

PRINCIPAL RISKS

The Group faces a number of risks to its business and strategy. Management of these risks is an integral part of the management of the Group.

SECTOR-RELATED RISK	DESCRIPTION	MONITORING AND MITIGATION
Power sale	The Company's power plants derive their revenue from the Group captive model selling power on short-term, medium-term, or long-term sale basis and would, for this purpose, enter into power purchase agreements with counterparties such as industrial captive consumers, power trading companies and state utilities. Contracts with customers may impose restrictions on the Company's ability to, amongst other things, increase prices at short notice and undertake expansion initiatives with other customers. The Group's power plants may not qualify or continue to be recognised as captive power producers which may damage the Group's business model or increase the costs to the Group's customers. This could adversely affect the revenues in the short to medium-term and results of operations.	→ Review contracts periodically to obtain best possible tariffs → Flexibility to sell to captive consumers or in the open market → Benchmarking captive consumer prices to state utility prices to benefit from any price increases → Monitor ongoing customer performance, maintaining a group of counterparties
Availability of fuel supply and costs	The Group has coal linkages with domestic companies and agreements for imported coal. The dependence on third parties for coal exposes the Group's power plants to vulnerabilities such as non-supply, price increases in the international market, foreign exchange fluctuations and increases in shipping costs and any changes in applicable taxes and duties. This could impact the operations and profitability of the Group.	→ Seeking long-term supplies → Maintaining adequate storage facilities to keep appropriate levels of surplus stocks → Maintaining relationships with suppliers and mitigating any potential disruption → Developing different sources for fuel supply especially in the imports market
Reliable transmission infrastructure	The Group is dependent upon a reliable transmission and distribution infrastructure so that the power generated at the Group's power plants can be evacuated and transmitted to consumers. The Group pays an open access fee to access the transmission and distribution structure. If the transmission infrastructure is inadequate or subject to approvals and unexpected fees then this will adversely affect the Group's ability to deliver electricity to its customers and impact revenues and profitability.	→ Assessing adequate availability of transmission capacity and related fees during project evaluation stage → Construction and/or upgrade of transmission facilities near the Group's existing or future power plants → Maintaining a proactive relationship with local Distribution Companies ('Discoms') and monitor any changes

The list of principal risks and uncertainties facing the Group's business set out below cannot be exhaustive because of the very nature of risk. New risks emerge and the severity and probability associated with these will change over time.

INDIA-SPECIFIC RISKS	DESCRIPTION	MONITORING AND MITIGATION
Government policy and regulations	The Group's operations are subject to complex national and state laws and regulations with respect to numerous matters, including the following: → Environmental factors (emissions, waste disposal, storage and handling) → Health and safety → Planning and development The Group is required to obtain approvals, licences and permits issued by the Indian government and other regulators and failure to obtain, comply with the terms of or renew such approvals, licences and permits may restrict the Group's operations or development plans, or require their amendment, and may adversely affect the Group's profitability, or result in it being subject to fines, sanctions, revocation of licences or other limitations. The Group's business model of GCPPs is subject to rules and regulations, which can be potentially interpreted by the authorities in a way different from Group's interpretations. The profitability of the Group will be in part dependent upon the continuation of a favourable regulatory regime with respect to its projects.	→ The Group monitors and reviews changes in the regulatory environment and its commitments under licences previously granted → It continually ensures compliance with the conditions contained within individual licences and is mindful of the importance of complying with national and local legislation and standards → The Group maintains an open and proactive relationship with the Indian government and its various agencies → The Group is consulting with industry and legal experts as required and, if necessary, is prepared to defend its position in the courts
Ability to retain fiscal and tax incentives	The Group's existing and planned power plants benefit from various fiscal and tax incentives that are available to the Company from the federal and state governments. A change in policy or the adoption of tax policies and incentives can have an adverse impact on the profitability of the Group.	→ The Group continues to monitor changes and developments in respect of incentives provided by the Indian federal and state authorities → Project investment returns are evaluated based on the expected incentives available to the Company and are revised based on the most up-to-date guidance available
Exchange rate fluctuations	As a consequence of the international nature of its business, the Company is exposed to risks associated with changes in foreign currency exchange rates. The Group's operations are based in India and its functional currency is the Indian Rupee although the presentational currency is Great Britain Pound. Imported coal is purchased in US Dollars. The Group's financial results may be affected by appreciation or depreciation of the value of the foreign exchange rates relative to the Indian Rupee.	→ Putting in place, where appropriate, forward contracts or hedging mechanisms → Monitoring our risk on a regular basis where no hedging mechanism is in place and taking steps to minimise potential losses
Global financial instability	The Indian market and Indian economy are influenced by global economic and market conditions, particularly emerging market countries in Asia. Financial instability in recent years has inevitably affected the Indian economy. Continuing uncertainty and concerns about contagion in the wake of the financial crises could have a negative impact on the availability of funding.	→ The Group continues to monitor changes and developments in the global markets to assess the impact on its financing plans

BOARD OF DIRECTORS

Arvind Gupta
Executive Chairman

Background and experience

Mr Arvind Gupta gained experience in various divisions of the business including flour milling, steel production and logistics, becoming President of Kanishk Steel, listed on the Bombay Stock Exchange. Having identified the opportunities in power generation, Mr Gupta developed this division within Kanishk Steel with initial projects in wind power generation in 1994. He was the pioneer of the Group Captive Power Producer concept in Tamil Nadu State. Since then, Mr Gupta, founder of OPG Group, has been responsible for the construction and development of the power plants of the Group as well as its overall strategy, growth and direction. He has also developed profitable wind and solar power projects within the family portfolio.

Member
Nomination Committee

Jeremy Warner Allen
Non-executive Deputy Chairman

Background and experience

Mr Warner Allen has over 25 years' experience in capital markets. He is currently a Non-executive Director of TP Group plc. Prior to that he was an Executive Director, Board Member and Head of the Growth Companies Team at Cenkos Securities plc, where he advised a number of AIM companies over a period of 11 years. Prior to joining Cenkos, he was a founding member of Beeson Gregory Limited and responsible for the UK sales desk, a role he retained when Beeson Gregory merged with Evolution Securities in 2002.

Member
Audit, Remuneration Committee

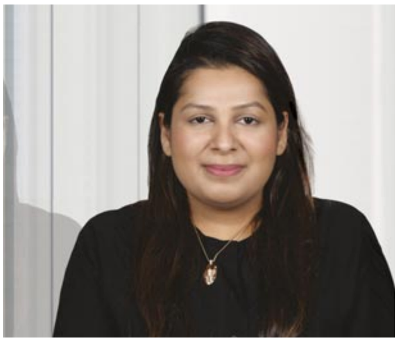
Dmitri Tsvetkov
Chief Financial Officer

Background and experience

Mr Dmitri Tsvetkov has over 23 years of financial, accounting and operational experience, including significant experience of working with promoter/founder-led energy sector listed companies in London, Africa, Asia and Canada.

Mr Tsvetkov was Chief Financial Officer of OPG Power Generation Pvt Ltd, the Chennai subsidiary of OPG from July 2017 to October 2017. Prior to that he was Chief Financial Officer of Advance International Exploration, Inc., Interim Chief Executive Officer and Chief Financial Officer of Mart Resources, Inc., a TSX listed oil and gas company, and Chief Financial Controller of Heritage Oil Plc, a FTSE 250 oil and gas company. Mr Tsvetkov was with Pricewaterhouse Coopers in Calgary, Canada and Moscow, Russia from 1994 to 2006.

He has a Chartered Accountant ('CA') designation from the Canadian Institute of Chartered Accountants, an FCCA designation from the Association of Chartered and Certified Accountants in the UK and Chartered Financial Analyst ('CFA') designation from the CFA Institute in the US.



Ms. Avantika Gupta
Chief Operating Officer

Background and experience

Ms. Avantika Gupta completed her LLB, Bachelor of Law from University College London in 2008. After completing her degree she was admitted as a Barrister-at-law, Gray's Inn, England & Wales in 2009. She joined the Company in 2010 and served in the capacity of a legal manager, coordinating the litigation cases and commercial arbitration of OPG. She was also responsible for the development and commissioning of the 300 MW power project in Gujarat. She has been serving as the Legal Advisor to the Board and at present is the Chief Operating Officer of OPG Power Generation Pvt Ltd, Chennai.

P Michael (Mike) Grasby
Independent
Non-executive Director

Background and experience

Mr P Michael Grasby is a Chartered Engineer, Fellow of the Institution of Engineering and Technology and Fellow of the Institution of Mechanical Engineers and has been associated with the UK and international power industry for many years. He was manager of the Drax Power Station between 1991 and 1995 and Director of Operations for National Power, with responsibilities for over 16,000 MW of generating capacity, until 1998. Following the demerger of National Power in 1999, he joined International Power as Senior Vice-President for Global Operations and retired in 2002. Mr Grasby has experience of power company directorships in the Czech Republic, Portugal, Turkey and Pakistan. Mr Grasby was formerly a Non-executive Director of Drax Plc where he chaired the Health and Safety Committee and sat on the Audit, Remuneration and Nomination Committees; he retired from the Drax Board in April 2011. He was also formerly a Director of Strategic Dimension Technical, a London-based executive recruitment company.

Member
Audit, Nomination, Remuneration Committee

Jeremy Beeton
Independent
Non-executive Director

Background and experience

Mr. J Beeton was appointed to the OPG Board in November 2016 as a Non-executive Director. He is a Fellow of the Institution of Civil Engineers with 40 years of international experience in project and programme management over very large multi-site, multiple project operations portfolios for and within government, public companies and private companies. He is also currently an independent Non-executive Director of John Laing and an independent Non-executive Director of WYG plc. Additionally, Mr. Beeton sits on the governing Court of Strathclyde University. He was Director General of the London 2012 Olympic and Paralympic Games from 2007 until the Olympic Baton was passed on to Rio de Janeiro in 2012. For eight years prior to this, he was a Principal Vice President with Bechtel, responsible for their worldwide civil operations and has lived and worked extensively in the Middle East and Asia Pacific. He was awarded CB in the 2012 New Year Honours and holds an honorary Doctorate of Engineering from Napier University.

Member
Audit, Nomination, Remuneration Committee

CORPORATE GOVERNANCE REPORT

FINANCIAL YEAR ENDED 31 MARCH 2019

Introduction

The Board is committed to good corporate governance practices. From 28 September 2018, AIM quoted companies are required to adopt and comply or explain non-compliance with a recognised corporate governance code. Although it is not mandatory to adopt the governance framework contained in the UK Corporate Governance Code published by the Financial Reporting Council (the 'Code'), the Company remains committed to adopting the high standards of corporate governance and endeavours to comply with the Code to the extent practicable for a public company of its size.

Compliance with the Code

Since admission to AIM, the Group has grown substantially against a background of difficult trading conditions within the Indian electricity generation sector. The Company completed its development programme, paid dividend with respect to years ended 31 March 2017 and 2018 and is poised for the next phase of its development. The key objective is to build on these achievements and the Board has therefore adopted an approach to governance that is proportionate with and appropriate to the current size and complexity of the Group.

It is the Board's view that the Group is complying with the Corporate Governance Code apart from the following areas of non-compliance with the Code with comments on each as appropriate:

1. **Division of responsibilities (A.2.1)**
   Mr Arvind Gupta, Company's Executive Chairman is responsible for the overall business, strategic decisions and heads the Executive Committee.

   On 27 November 2018, Ms Avantika Gupta, Chief Operating Officer, was appointed to the Board. She is responsible for the day-to-day running of the operations. Jeremy Warner Allen joined the Board as Deputy Chairman on 8 November 2017.

   In the Board's view, these changes together ensure an appropriately clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company's business.

2. **Non-executive Directors (A.4.2)**
   The Code requires the Non-executive Directors, led by the Senior Independent Director, to meet at least annually without the Executive Chairman to appraise the Executive Chairman's performance. The Board is to institute a periodic evaluation process, including evaluating the performance of the Executive Chairman in due course.

3. **Evaluation (B.6)**
   The Executive Chairman, as part of his responsibilities, informally assesses the performance of the Board and its Directors on an ongoing basis and brings to the Board's attention any areas for improvement. For the time being, the Board will continue to evaluate in this way the balance of skills, experience, independence and knowledge required to ensure that its composition is appropriate to the Group's size and complexity. In connection with Code provision A.4.2 above, in 2019 the Board introduced a process of annual self-evaluation of its performance and completed its first self-evaluation. It is still to institute a process of periodic evaluation of its principal committees and the individual Directors.

Operation of the Board

Board of Directors
The Board comprises the following individuals:

Executive
1. Arvind Gupta (Executive Chairman);
2. Dmitri Tsvetkov (Chief Financial Officer); and
3. Avantika Gupta (Chief Operating Officer) (joined on 27 November 2018).

Non-executive
1. Jeremy Warner Allen (Deputy Chairman);
2. Michael Grasby;
3. Jeremy Beeton; and
4. Ravi Gupta (resigned on 29 May 2018).

The Board considers that, as at the date of this report, it complies with Code provision B.1.2, which requires that, in the case of smaller companies, there should be a minimum of two independent Non-executive Directors. The Board considers Mr Grasby to be independent in both character and judgement notwithstanding his length of service. Mr Allen and Mr Beeton are considered to be independent under the Code. Biographical details of all the Directors at the date of this report are set out on pages 22 and 23 together with details of their membership, as appropriate, of the Board Committees. The Board is responsible for setting the Company's objectives and policies and providing effective leadership and the controls required for a publicly listed company. Directors receive papers for their consideration in advance of each Board meeting, including reports on the Group's operations to ensure that they remain briefed on the latest developments and are able to make fully informed decisions. The Board met four times during the year under review. In addition to that the Board had a strategy meeting of the Board and seven monthly conference calls.

The Executive Committee ('ExCo') comprises the three Executive Directors and four members of senior management.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Directors have the right to request that any concerns they have are recorded in the appropriate Committee or Board minutes. Informal procedures are in place for Directors to take independent professional advice at the Company's expense although these are not currently set down in writing.

The Company maintains Directors' and officers' liability insurance and indemnity cover, the level of which is reviewed annually.

Executive Chairman and Deputy Chairman
The Executive Chairman's key responsibilities are the effective running of the Board, proposing and developing the Group's strategy and ensuring that the Board plays a full and constructive part in the development and determination of the Group's strategy and overseeing the Board's decision-making process. In addition to that, the Executive Chairman, as leader of the executive team, is responsible for implementing the decisions of the Board and its Committees.

Jeremy Warner Allen, the Deputy Chairman, is available to shareholders who have concerns that cannot be resolved through discussion with the Executive Chairman. The role of the Deputy Chairman is to support and tender advice to the Executive Chairman on all governance matters.

Re-election of Directors
At every AGM, one third of the Directors for the time being (excluding any Director appointed since the previous AGM), or, if their number is not divisible by three, the number nearest to one-third, shall retire from office by rotation. However, this year all Directors are up for re-election at the forthcoming AGM.

Information and professional development
Prior to the Company's admission to AIM in May 2008, all Directors received a briefing from the Company's nominated adviser of their duties, responsibilities and liabilities as a Director of an AIM company. Also all Directors received a briefing on the Market Abuse Regime ('MAR') regulation from the Company's Nominated Adviser. Directors are encouraged to keep abreast of developments and attend training courses to assist them with their duties.

In addition to the formal meetings of the Board, the Executive Chairman is available to the other Non-executive Directors to discuss any issues of concern they may have relating to the Group or as regards to their area of responsibility and to keep them fully briefed on ongoing matters relating to the Group's operations.

The Executive Chairman is responsible for ensuring that new Directors each receive a full, formal and tailored induction on joining the Board as required by provision B.4.1 of the Code.

Board performance
As noted above, in 2019 the Board performed self-evaluation of its performance and is to institute regular evaluation of its principal Committees and the individual Directors.

CORPORATE GOVERNANCE REPORT
CONTINUED

Meetings of the Board and its Committees
The following table sets out the number of meetings of the Board and its Committees during the year under review and individual attendance by the relevant members at these meetings:

	Board meetings		Board Committee meetings: Audit		Remuneration		Nomination	
	Number	Attended	Number	Attended	Number	Attended	Number	Attended
Arvind Gupta	4	3	2	2	NA	NA	1	1
Dmitri Tsvetkov	4	4	2	2	NA	NA	NA	NA
Avantika Gupta	4	2	2	1	NA	NA	NA	NA
Jeremy Warner Allen	4	4	2	2	NA	NA	NA	NA
Michael Grasby	4	4	2	2	2	2	1	1
Jeremy Beeton	4	4	2	2	2	2	1	1
Number of meetings held during the year	**4**		**2**		**2**		**1**	

In the event that Directors are unable to attend a meeting, their comments on the business to be considered at the meeting are discussed in advance with the Executive Chairman so that their contribution can be included in the wider Board discussions.

Board Committees

Audit Committee
The members of the Audit Committee are Jeremy Warner Allen, Michael Grasby and Jeremy Beeton (Ravi Gupta was a member of the Audit Committee until his resignation in May 2018). Jeremy Warner Allen is considered to have continuing, relevant financial experience. The Executive Chairman, Chief Financial Officer and Chief Operating Officer and also, as necessary, a representative of the auditors are normally invited to attend meetings of the Committee.

The primary duty of the Audit Committee is to oversee the accounting and financial reporting process of the Group, the external audit arrangements, the internal accounting standards and practices, the independence of the external auditor, the integrity of the Group's external financial reports and the effectiveness of the Group's risk management and internal control system.

The Audit Committee met twice during the year and considered the following matters during the year under review

- the Annual Report and Accounts for the year ended 31 March 2018; and
- the unaudited results for the half-year FY19 to 30 September 2018.

The Audit Committee considered relevant significant issues in relation to the financial statements taking into account business developments during the year and risks and matters raised in the external auditors' FY18 final and FY19 planning reports to the Audit Committee. These issues were addressed as part of preparation of the FY19 financial statements.

Remuneration Committee
The Remuneration Committee currently consists of Jeremy Beeton, Jeremy Warner Allen and Michael Grasby (Ravi Gupta was a member of the Remuneration Committee until his resignation in May 2018).

The primary duty of the Remuneration Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors and such other members of the executive management team of the Group as is deemed appropriate. The remuneration of the Non-executive Directors is a matter for the executive members of the Board. No Director may be involved in any decisions as to his own remuneration.

Full details of the role and composition of the Remuneration Committee, the remuneration policy of the Company and its compliance with the Code provisions relating to remuneration are set out in the Directors' Remuneration Report on pages 30 to 33.

Nomination Committee
The members of the Nomination Committee are Arvind Gupta, Jeremy Beeton and Michael Grasby. The primary duty of the Nomination Committee is to lead the process for Board appointments and make recommendations to the Board. The Nomination Committee regularly reviews the composition of the Board to ensure that the Board has an appropriate and diverse mix of skills experience, independence and knowledge of the Group. We recognise the benefits of gender diversity and in the current year we have appointed our first female Executive Director, Ms Avantika Gupta, COO, to the Board.

Accountability and audit

Risk management and internal control

The Board has overall responsibility for the Group's system of internal control, which includes risk management. The Board has delegated the responsibility for reviewing the effectiveness of its internal control systems to the Audit Committee. The Audit Committee reviews these systems, policies and processes for tendering, authorisation of expenditure, fraud and the internal audit plan.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has instructed the ExCo to be a leading part of its process to identify, evaluate and manage the significant risks the Group faces, which is in accordance with the current guidance on internal control. The Audit Committee will assist the Board in discharging its review responsibilities. The Board has carried out a robust assessment of the principal risks faced by the Group, including those that would threaten its business model, future performance, solvency and liquidity. A summary of the key risks facing the Group and mitigating actions is described on pages 20 and 21.

Assurance

BDO LLP was appointed as auditor for the Group for the financial year ended 31 March 2018 following a tender process. The Audit Committee reviewed the effectiveness of the external auditor and BDO LLP was reappointed in for the financial year ended 31 March 2019. The Audit Committee's assessment was based on inputs obtained in the course of monitoring the integrity of the financial statements and the significant financial reporting issues and judgements underlying the financial statements, and on its direct interactions with the external auditors. The Audit Committee's principal interactions with the auditors were its discussions of the audit work performed on areas of higher audit risk and the basis for the auditors' conclusions on those areas. These interactions were supplemented by others that enabled them, for example, to gauge the depth of the auditors' understanding of the company's business. The Audit Committee's review focused on the level of experience and expertise of the audit team, their objectivity and professional scepticism, and their preparedness to challenge management in a knowledgeable, informed and constructive manner. The Committee's review also took account of feedback from management on the effectiveness of the audit process.

The Audit Committee considers that, at this stage in the Group's development, it is more efficient to use a single audit firm to provide certain non-audit services for transactions and tax matters. However, to regulate the position, the Committee will at the appropriate time establish a policy on the provision of non-audit services by the external auditor. That policy will set out the external auditor's permitted and prohibited non-audit services and a fee threshold requiring prior approval by the Audit Committee for any new engagement. The external auditor did not provide any non-audit services during the year.

Having considered the effectiveness and independence of the external auditor as described above, the Audit Committee agreed to recommend to the Board that a resolution to reappoint BDO LLP as the Group's external auditor should be put to shareholders at the AGM in November 2019.

Visibility statement

A statement on the Directors' position regarding the Company as going concern is contained in the Directors' Report on page 28. As part of annual strategy session, the directors have assessed the prospects of the Group over a period significantly longer than the 12 months required by the going concern. In this assessment, the Board has considered the principal risks faced by the Group, relevant financial forecasts and the availability of adequate funding. The Board conducted this assessment over a period to the end of calendar year 2023, primarily because this is a remaining period of repayment of term loans. Based on its review, the Board is satisfied the viability of the Group would be preserved and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period of their assessment.

Shareholder relations and the Annual General Meeting

The Board is committed to maintaining an ongoing dialogue with its shareholders. The Directors are keen to build a mutual understanding of objectives with its principal shareholders. To this end, the Executive Chairman and Chief Financial Officer together with the Deputy Chairman met with a number of institutional shareholders during the year. The Directors also encourage communications with private shareholders and encourage their participation in the AGM.

Arvind Gupta is primarily responsible for ensuring the effective communication of shareholders' views to the Board as a whole and updates the Board accordingly. Board members keep abreast of shareholder opinion and discuss strategy and governance issues with them as appropriate.

Notice of the AGM will be sent to shareholders at least 21 clear days before the meeting. The voting results will be made available on the Company's website following the meeting.

The Company uses its corporate website (www.opgpower.com) to communicate with its institutional shareholders and private investors and posts the latest announcements, press releases and published financial information together with updates on current projects and other information about the Group.

DIRECTORS' REPORT

The Directors present their report, together with the audited financial statements of the Group, for the year ended 31 March 2019.

Principal activity

OPG Power Ventures Plc ('the Company' or 'OPGPV' or 'OPG') is a public limited company incorporated in the Isle of Man, registered number 002198V, which is listed on the Alternative Investment Market ('AIM') of the London Stock Exchange.

The Company and its subsidiaries (collectively referred to as 'the Group') are primarily engaged in the development, owning, operation and maintenance of private sector power projects in India. The electricity generated from the Group's plants is sold principally to public sector undertakings and heavy industrial companies in India or in the short-term market. The business objective of the Group is to focus on the power generation business within India and thereby provide reliable, cost-effective power to the industrial consumers and other users under the 'Group Captive' provisions mandated by the Government of India.

Results and dividends

The Group's results for the year ended 31 March 2019 are set out in the Consolidated Statement of Comprehensive Income. The Group profit for the year after tax was £14.8m (2018 loss after tax: £100.9m).

A review of the Group's activities is set out in the Executive Chairman's statement.

The Board will be recommending a scrip dividend for the year ended 31 March 2019 in amount of 0.6 pence per share. A scrip dividend for the year ended 31 March 2018 in amount of 1 pence per share was paid for the year ended 31 March 2019.

Directors

The Directors of the Company during the year and up to the date of this report were as follows:

Arvind Gupta	Executive Chairman
Dmitri Tsvetkov	Chief Financial Officer, Executive Director
Avantika Gupta	Chief Operating Officer, Executive Director (joined on 27 November 2018)
Jeremy Warner Allen	Deputy Chairman, Non-executive Director and Audit Committee Chairman
Michael Grasby	Non-executive Director
Jeremy Beeton	Non-executive Director, Remuneration and Nomination Committee Chairman
Ravi Gupta	Non-executive Director (resigned on 29 May 2018)

Directors' liability insurance and indemnities

The Company maintains liability insurance for the Directors and officers of OPG.

Indemnities are in force under which the Company has agreed to indemnify the Directors to the extent permitted by applicable law and the Company's Articles of Association in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company.

Neither the Group's liability insurance nor indemnities provide cover in the event that a Director or officer is proved to have acted fraudulently or dishonestly.

Share capital

The issued share capital of the Company at 31 March 2019 was £57,024 comprising 387,910,200 ordinary shares of £0.000147 pence each, of which there are no designated treasury shares.

Political donations

The Group has made no political donations during the year under review.

Going concern

As highlighted in the Consolidated Statement of Cash Flows and Notes 5 (a) and 23 to the financial statements, the Group meets its day-to-day working capital requirements through cash from operations and bank facilities.

Further information on the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, Note 29 to the financial statements details the Group's objectives, policies and processes for managing its capital and its exposures to credit risk and liquidity risk.

The management's forecasts and projections, taking account of possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

After making enquiries, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence over a period of at least 12 months form the date of approval of the financial statements. Accordingly, the Board considers it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Substantial shareholdings

Details of substantial shareholdings are set out on the Company's website at www.opgpower.com. The Company has been notified, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the following interests (whether directly or indirectly held) in 3% or more of the Company's total voting rights at 31 March 2019:

	Percentage of voting rights and issued share capital	Number of ordinary shares
Gita Investments Limited and related parties[1]	52.1%	202,124,978
M&G Investment Management Limited	13.0%	50,385,996
River and Mercantile Asset Management LLP	4.8%	18,778,970
Premier Asset Management Limited	3.8%	14,917,798
British Steel Pension Scheme	3.6%	13,771,951

1 Beneficial interest in these shareholdings vests with Arvind Gupta and his family.

Registered agent

The registered agent of the Company at 31 March 2019 was FIM Capital Limited which served throughout the year and has continued to date.

Financial instruments

Information on the Group's financial risk management objectives and policies and its exposure to credit risk, liquidity risk, interest rate risk and foreign currency risk can be found in Note 29.

Auditor

BDO LLP has expressed its willingness to continue in office as auditors and a resolution proposing its re-appointment will be proposed at the forthcoming AGM.

Disclosure of information to the auditor

The Directors serving at the date of approval of the financial statements confirm that:

1. to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and

2. each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board of Directors on 31 July 2019 and signed on its behalf by:

Philip Scales
Company Secretary

OPG Power Ventures Plc
IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP

31 July 2019

DIRECTORS' REMUNERATION REPORT

Introduction

This report sets out information about the remuneration of the Directors of the Company for the year ended 31 March 2019. As a company admitted to AIM, OPG is not required to prepare a directors' remuneration report. However, the Board follows the principle of transparency and has prepared this report in order to provide information to shareholders on executive remuneration arrangements. This report has been substantially prepared in accordance with the Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations (2008) (the 'Regulations').

Remuneration Committee

The members of the Remuneration Committee are Jeremy Beeton, Jeremy Warner Allen and Michael Grasby (Ravi Gupta was a member of the Remuneration Committee until May 2018) who, with the exception of Ravi Gupta, are all independent Non-executive Directors.

Terms of reference have been approved for the Remuneration Committee the primary duty of which is to determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors, senior managers and such other members of the executive management team of the Group as is deemed appropriate. The remuneration of the Non-executive Directors is a matter for the executive members of the Board.

The principal responsibilities of the Committee include:

- assessing and setting compensation levels for Directors and senior managers;
- reviewing the ongoing appropriateness and relevance of the remuneration policy at regular intervals to ensure that members of the executive team are provided with incentives that encourage enhanced performance;
- reviewing the design of share incentive plans for the approval of the Board or shareholders, as appropriate; and
- ensuring that contractual terms on termination are such that failure is not rewarded and that the duty to mitigate losses is fully recognised in the drafting of Directors' service agreements and letters of appointment.

In fulfilling these duties, the Committee shall be cognisant of remuneration trends across the Group and within the sector in which the Group operates.

The Executive Directors and external advisers may be invited to attend meetings of the Remuneration Committee but do not take part in the decision making.

Attendance at meetings of the Remuneration Committee by individual members is detailed in the Corporate Governance Report on page 26.

Remuneration policy

The Remuneration Committee seeks to maintain a remuneration policy to ensure that the Company is able to attract, retain and motivate its Executive Directors and senior management.

The retention of key management and the alignment of management incentives with the creation of shareholder value are key objectives of this policy.

The Group therefore sets out to provide competitive remuneration for all its management and employees appropriate to the business environment in the market in which it operates and in recognition of their contribution to Group performance. To achieve this, the remuneration package is based upon the following principles:

- total rewards should be set to provide a fair and attractive remuneration package;
- appropriate elements of the remuneration package should be designed to reinforce the link between performance and contribution to the Group's success and reward; and
- Executive Directors' incentives should be aligned with the interests of shareholders.

The remuneration strategy is designed to be in line with the Group's fundamental values of fairness, competitiveness and equity, and also to support the Group's corporate strategy. The Group seeks increasingly to align the interests of shareholders with those of Directors and senior employees by giving the latter opportunities and encouragement to build up a shareholding interest in the Company.

Long-term incentives

The Remuneration Committee believes that it is appropriate to operate share incentive schemes to encourage Executive Directors and senior employees to meet the Group's long-term strategic and financial objectives set by the Board.

Stock option plan

Arvind Gupta and Michael Grasby have received awards under the stock option plan approved by the Board on 16 July 2009 (see table below). Options granted must be exercised within 10 years of the date of grant and vesting depends on achievement of the following performance conditions:

1. the power plant at Kutch in the state of Gujarat must have been in commercial operation for three months; and
2. the closing share price must be at least £1 for three consecutive business days.

Long Term Incentive Plan ('LTIP')

In April 2019, the Remuneration Committee of the Board of Directors has approved the introduction of an LTIP, which was subsequently revised in July 2019, for a performance-related award of 14 million new ordinary shares (representing approximately 3.6% of the Company's issued share capital) in order to incentivise further the executives and senior management to deliver its planned strategy.

The LTIP Shares will be awarded as Nominal Cost Share and will vest in three tranches subject to continued service with OPG until vesting and meeting the following share price performance targets, plant load factor and term loan repayments of the Chennai thermal plant.

- 20% of the LTIP Shares shall vest upon meeting the target share price of 25.16p before the first anniversary for the first tranche, i.e. 24 April 2020, achievement of PLF during the period April 2019 to March 2020 of at least 70% at the Chennai thermal plant and repayment of all scheduled term loans;

- 40% of the LTIP Shares shall vest upon meeting the target share price of 30.07p before the second anniversary for the second tranche, i.e. 24 April 2021, achievement of PLF during the period April 2020 to March 2021 of at least 70% at the Chennai thermal plant and repayment of all scheduled term loans;
- 40% of the LTIP Shares shall vest upon meeting the target share price of 35.00p before the third anniversary for the third tranche, i.e. 24 April 2022, achievement of PLF of at least 70% at the Chennai thermal plant during the period April 2021 to March 2022 and repayment of all scheduled term loans.

The share price performance metric will be deemed achieved if the average share price over a fifteen day period exceeds the applicable target price. In the event that the share price or other performance targets do not meet the applicable target, the number of vesting shares would be reduced pro-rata, for that particular year. However, no LTIP Shares will vest if actual performance is less than 80 per cent of any of the performance targets in any particular year. The terms of the LTIP provide that the Company may elect to pay a cash award of an equivalent value of the vesting LTIP Shares.

None of the LTIP Shares, once vested, can be sold until the third anniversary of the award, unless required to meet personal taxation obligations in relation to the LTIP award.

Annual bonus

The Remuneration Committee considered bonuses for Executive Directors who were entitled to performance bonuses with respect to FY19. In light of the lower FY19 cash dividend, Arvind Gupta, Executive Chairman, voluntarily waived his FY19 bonus £250,000 (50% of base salary) (FY18: waived bonus) and Dmitri Tsvetkov, CFO, and Avantika Gupta, COO, voluntarily agreed to reduce the bonus from 30% to 20% of base salary. Therefore Dmitri Tsvetkov was awarded a bonus of £48,000 (FY18: £50,000) and Avantika Gupta was awarded a bonus of £24,000 (FY18: n/a). These bonuses have been provided in the accounts for FY19.

Service agreements, notice periods and termination payments

The service agreements for the Executive Directors are for no fixed term and may in normal circumstances be terminated on the notice periods set out in the table below. The Company reserves the right and discretion to pay the Executive Directors in lieu of notice. If the Company terminates the employment of an Executive Director by exercising its right to pay in lieu of notice, the Company is required to make a payment equal to the aggregate of basic salary and the cost to the Company of providing other contractual benefits for the unexpired portion of the duration of any entitlement to notice. Under their service agreements, Mr Arvind Gupta, Mr Dmitri Tsvetkov and Ms Avantika Gupta (from 27 Nov 2018) are entitled to medical, insurance and other allowances and received £57,938 (FY18: £4,702), £19,095 (FY18: £9,200) and £521 (FY18: Nil) respectively.

The key terms of the Executive Directors' service agreements are as follows:

Name	Position	Date of contract	Notice period	Current salary (p.a.) £
Arvind Gupta	Executive Chairman	23 May 2008	12 months' prior written notice on either side	500,000
Dmitri Tsvetkov	Chief Financial Officer	26 June 2017	3 months' prior written notice on either side	240,000
Avantika Gupta	Chief Operating Officer	27 November 2018	12 months' prior written notice on either side	120,000

Non-executive Directors

The remuneration of the Non-executive Directors consists of fees that are paid quarterly in arrears. The Non-executive Directors do not have a contract of employment with the Company. Each has instead entered into a contract for services with the Company.

Non-executive Directors' contracts for services

Non-executive Directors were appointed for an initial term of 12 months. Jeremy Warner Allen, Martin Gatto, Michael Grasby, Ravi Gupta and Jeremy Beeton have each signed a contract for services with the Company. They were each appointed for an initial period of 12 months and, under the terms of their contracts for services, their appointments were renewable for a further period by mutual agreement, subject to re-election, when appropriate, by the Company in general meeting.

The key terms of the Non-executive Directors' letters of appointment are as follows:

Director	Date of appointment	Notice period	Fees p.a. £
Jeremy Warner Allen	8 November 2017	3 months' prior written notice on either side	50,000
Michael Grasby	6 May 2008	3 months' prior written notice on either side	45,000
Martin Gatto (resigned in November 2017)	6 May 2008	3 months' prior written notice on either side	45,000
Ravi Gupta (resigned in May 2018)	12 May 2008	12 months' prior written notice on either side	45,000
Jeremy Beeton	14 November 2016	3 months' prior written notice on either side	45,000

DIRECTORS' REMUNERATION REPORT
CONTINUED

External appointments
It is the Board's policy to allow the Executive Directors to accept directorships of other companies provided that they have obtained the consent of the Board. Any such directorships must be formally notified to the Board.

Directors' interests in ordinary shares
The interests of Directors in the ordinary share capital of the Company during the year were as follows:

	31 March 2019	31 March 2018
Gita Investments Limited[1]	199,884,417	183,600,557
Michael Grasby	11,233	10,318
Jeremy Warner Allen	1,088,691	303,729
Dmitri Tsvetkov	1,090,637	100,000
Jeremy Beeton	50,000	–
Avantika Gupta (joined on 27 November 2018)	–	n/a
Total	202,124,978	184,014,604

1 Beneficial interest in these shareholdings vests with Arvind Gupta and family.

There were no changes to Directors' interests between 31 March 2019 and the date of this report.

No Director had any interest in any contract of significance with the Group during the year ended 31 March 2019 other than their service contracts, details of which are given on page 31.

Directors' remuneration for the period 31 March 2018 to 31 March 2019
Salary, annual bonus and benefits

	Salary/fees £	Annual bonus £	Total FY19 £	Total FY18 £
Executive Chairman Arvind Gupta (paid in INR equivalent)	500,000*	–*	500,000	750,000
Executive Director Dmitri Tsvetkov	240,000	48,000***	288,000	290,000
Avantika Gupta (paid in INR equivalent) (joined on 27 November 2018)	40,691****	24,000****	64,691	n/a
V Narayan Swami (paid in INR equivalent) (until 8 November 2017)	n/a	n/a	n/a	224,824
Non-executive Directors Jeremy Warner Allen	50,000	–	50,000	22,500
Martin Gatto (until 8 November 2017)	n/a	n/a	n/a	33,750
Michael Grasby	45,000	–	45,000	45,000
Ravi Gupta (until 29 May 2018)	n/a	n/a	n/a	**22,500
Jeremy Beeton	45,000	–	45,000	45,000
Total	920,691	72,000	992,691	1,433,574

No consideration was paid or received by third parties for making available the services of any Executive or Non-executive Director.

* *Arvind Gupta's INR equivalent of FY19 salary: INR45.8m (FY18: INR64.1m). In FY19 Arvind Gupta voluntarily agreed to reduce his base salary to £500,000 and to waive his FY19 bonus (FY18: waived bonus).*

** *Ravi Gupta waived half of his FY18 annual remuneration.*

*** *FY19 bonus provisions made, not paid.*

**** *Avantika Gupta's INR equivalent of FY19 salary: INR11m prorated from 27 November 2019 which is the date of her Board appointment. FY19 bonus provisions made, not paid.*

Directors' share options

	Option granted	Option price £	Options as at 1 April 2018	Movements during the period: Granted	Forfeited/ Cancelled	Exercised	Options outstanding: 31 March 2019	Latest exercise date
Gita Investments Limited (Arvind Gupta)	16 July 2009	0.60	21,524,234	Nil	Nil	Nil	**21,524,234**	15 Jul 2019
Ravi Gupta	16 July 2009	0.60	250,000	Nil	250,000	Nil	**Nil**	
Michael Grasby	22 December 2015	0.60	250,000	Nil	Nil	Nil	**250,000**	21 Dec 2025

All share options have vested.

At 31 March 2019, the closing mid-market price of the Company's shares was 21.75 pence. During the year under review, the Company's closing mid-market share price ranged between a low of 10.3 pence and a high of 27.25 pence.

This report has been approved by the Board of Directors of the Company.

Jeremy Beeton
Chairman, Remuneration Committee

31 July 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Group financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the European Union and have also elected to prepare financial statements for the Company in accordance with IFRS as adopted for use in the European Union. Company law requires the Directors to prepare such financial statements in accordance with IFRS and the Companies Act 2006.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's and Company's financial position, financial performance and cash flows. This requires the fair presentation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the Isle of Man governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board by:

Philip Scales
Company Secretary

OPG Power Ventures Plc
IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP

31 July 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OPG POWER VENTURES PLC

Opinion

We have audited the financial statements of OPG Power Ventures Plc ('the Parent Company') and its subsidiaries ('the Group') for the year ended 31 March 2019, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2019 and of its profit for the year then ended; and
- have been properly prepared in accordance with IFRS as adopted by the European Union.

Basis for opinion

We conducted 'our audit' in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern made in accordance with the UK Corporate Governance Code is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	**Carrying value of thermal power station and solar assets** The Group's thermal power station and solar assets represent its most significant assets and total £250m as at 31 March 2019, including Held for Sale ('HFS') solar assets of £46m. Management is required to assess whether they consider there are any indications that the Group's assets may be impaired as at 31 March 2019. In addition they are also required to carry out an impairment assessment of the £46m solar assets before these are classified as held for sale in line with IFRS 5 Non-current Assets Held For Sale and Discontinued Operations. These assessments are undertaken in line with IAS 36 Impairment of Assets. The future viability and recoverability of the power and solar assets are underpinned by the results achieved to date and the prediction of future value based on the future cash inflows generated from the assets. Management determined that the low market capitalisation is an indicator of impairment. Management therefore performed impairment assessments on each cash-generating unit comprising the thermal power station and the solar power plants. As detailed in Note 6, the assessment of the recoverable amount of the thermal power and solar assets required significant judgement and estimates by management. The carrying value of the thermal power and solar assets represented a significant risk for our audit given the significant judgement and estimates required regarding future operating results, coal prices and discount rates.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

How we addressed the key audit matter in the audit	We reviewed management's assessment of indicators of impairment and evaluated management's impairment models for the thermal power assets and HFS solar assets against historical performance and our understanding of the operations. We critically challenged the key estimates and assumptions used by management. Our testing included comparison of the tariffs used in the models to underlying contracts, recalculation of discount rates and critical review of the forecast production and cost profiles against empirical performance and forward coal price data. We used our valuations expert to assist us in evaluating the appropriateness of the discount rates. We undertook a tour of the power plant and held discussions with the operational management over the operational performance of the plant to ensure the plant was performing as expected and that no operational issues are expected. We sensitised the models for reasonable movements in key judgement areas to ascertain whether there remained a reasonable expectation that there would remain adequate headroom in excess of the carrying values. Based on the procedures above, we found the Group's assessment that its impairment models support the carrying value of the thermal power and solar assets to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

	FY2019	FY2018
Group materiality	£850,000	£1,400,000
Basis for determining materiality	5% of the Group's profit before tax	1% of revenue from continuing operations
Group performance materiality	£640,000	£600,000
Basis for performance materiality	75% of Group materiality	50% of Group materiality

We have determined a profit-based measure is appropriate as the Group is generating stable profits. The use of profit before tax is also in line with other similar companies in the market and falls in line with FRC guidance.

The three significant components were audited to a level of materiality ranging from £0.85m to £0.35m (2018: £1.3m to £1.0m). Such materialities were used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes tested during the audit.

The non-significant components were audited using a materiality of £0.68m (2018: £1.0m).

We determined the Group performance materiality to be 75% of the Group materiality due to the low value of brought forward adjustments from the prior year, only one primary operating location and low value of historical adjustments.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of £17,000 (2018: £20,000).

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements at the Group level.

In approaching the audit, we considered how the Group is organised and managed. We completed a full scope audit on the Group's financial information and the three components we deemed significant. BDO India completed the component audits for the two significant components located in India with BDO UK reviewing all audit work. BDO UK completed the audit of the Group's parent company. The Group audit team also visited the finance operations in India to undertake review procedures and discuss the key audit issues. The five non-significant components were subject to analytical review procedures undertaken by BDO India and reviewed by the Group audit team.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- fair, balanced and understandable – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategies, is materially inconsistent with our knowledge obtained in the audit; or
- Audit Committee reporting – the section describing the work of the audit committee does not appropriately address matters communicated by us to the Audit Committee; and
- Directors' statement of compliance with the UK Corporate Governance Code – the parts of the Directors' statement relating to the Group's compliance with the UK Corporate Governance Code containing provisions that would for a company subject to the Listing Rules of the Financial Conduct Authority, be specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with our engagement letter dated 20 May 2019. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body for our audit work, for this report, or for the opinions we have formed.

BDO LLP
London

31 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

(All amounts in £, unless otherwise stated)	Notes	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Intangible assets	14	23,603	64,170
Property, plant and equipment	15	204,102,891	207,271,135
Investments accounted for using the equity method	16	–	11,219,378
Other long-term assets	17	518,553	3,000,333
Restricted cash	20	517,271	4,966,140
		205,162,318	226,521,156
Current assets			
Inventories	19	7,151,366	9,716,280
Trade and other receivables	18	49,198,105	33,695,545
Other short-term assets	17	6,329,354	9,414,971
Current tax assets (net)		1,337,316	2,890,933
Restricted cash	20	23,030,599	20,318,985
Cash and cash equivalents	20	2,118,960	2,185,570
Assets held for sale	7(a)(b)	50,497,664	–
		139,663,364	78,222,284
Total assets		344,825,682	304,743,440
Equity and liabilities			
Equity			
Share capital	21	57,024	52,378
Share premium	21	129,125,915	125,567,473
Other components of equity		2,401,287	1,193,995
Retained earnings		21,916,422	11,461,826
Equity attributable to owners of the Company		153,500,648	138,275,672
Non-controlling interests		882,759	854,752
Total equity		154,383,407	139,130,424
Liabilities			
Non-current liabilities			
Borrowings	23	51,495,208	69,636,532
Trade and other payables	24	14,235,485	4,994,049
Provision for pledged deposits	20(b)	12,627,381	12,553,684
Deferred tax liabilities (net)	13	2,380,115	1,457,209
		80,738,189	88,641,474
Current liabilities			
Borrowings	23	28,869,722	23,829,415
Trade and other payables	24	45,474,814	52,331,422
Other liabilities		91,764	810,705
Liabilities classified as held for sale	7(b)	35,267,786	–
		109,704,086	76,971,542
Total liabilities		190,442,275	165,613,016
Total equity and liabilities		344,825,682	304,743,440

The Notes are an integral part of these consolidated financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 July 2019 and were signed on its behalf by:

Arvind Gupta, Executive Chairman **Dmitri Tsvetkov,** Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

(All amount in £, unless otherwise stated)	Notes	Year ended 31 March 2019	Year ended 31 March 2018 "Restated" (Refer Notes 5(a), 9(d))
Revenue	8	140,632,328	140,115,336
Cost of revenue	9	(91,753,763)	(100,195,277)
Gross profit		48,878,565	39,920,059
Other income	10	2,645,332	1,979,024
Distribution cost		(8,476,933)	(10,293,699)
General and administrative expenses		(6,955,960)	(6,599,652)
Expected credit loss on trade receivables	29	(790,437)	(271,116)
Depreciation and amortisation		(6,064,374)	(6,526,177)
Operating profit before impairments		29,236,193	18,208,439
Impairment provision for loss on assets under construction	7(d)	–	(4,033,125)
Operating profit		29,236,193	14,175,314
Finance costs	11	(14,586,917)	(13,620,915)
Finance income	12	2,207,480	1,623,500
Profit before tax		16,856,756	2,177,899
Tax expense	13	(1,819,387)	(3,072,731)
Profit/(loss) for the year from continued operations		15,037,369	(894,832)
Loss from discontinued operations, including non-controlling interest	7(a)(b)(c)	(989,493)	(99,983,431)
Profit/(loss) for the year		14,047,876	(100,878,263)
Profit/(loss) for the year attributable to:			
Owners of the Company		14,020,364	(87,141,023)
Non-controlling interests		27,512	(13,737,240)
		14,047,876	(100,878,263)
Earnings/(loss) per share from continued operations			
Basic earnings per share (in pence)	26	4.09	(0.25)
Diluted earnings per share (in pence)		4.09	(0.25)
Loss per share from discontinued operations			
Basic loss per share (in pence)	26	(0.23)	(25.06)
Diluted loss per share (in pence)		(0.23)	(25.06)
Earnings/(loss) per share			
– Basic (in pence)	26	3.81	(24.68)
– Diluted (in pence)		3.81	(24.68)
Other comprehensive income/(loss)			
Items that will be reclassified subsequently to profit or loss			
Financial assets measured at FVPL			
– Reclassification to profit or loss		–	(73,351)
Exchange differences on translating foreign operations		1,207,292	(20,871,345)
Items that will not be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		961	(555,331)
Total other comprehensive income/(loss)		1,208,253	(21,500,027)
Total comprehensive income/(loss)		15,256,129	(122,378,290)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		15,227,656	(108,085,719)
Non-controlling interests		28,473	(14,292,571)
		15,256,129	(122,378,290)

The Notes are an integral part of these consolidated financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 July 2019 and were signed on its behalf by:

Arvind Gupta, Executive Chairman **Dmitri Tsvetkov,** Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in £, unless otherwise stated)	Issued capital (No. of shares)	Ordinary shares	Share premium	Other reserves	Foreign currency translation reserve	Retained earnings	Total attributable to owners of parent	Non-controlling interests	Total equity
At 1 April 2017	351,508,955	51,672	124,319,142	6,723,656	15,341,842	101,491,205	247,927,517	(11,239,914)	236,687,603
Adjustments on account of deconsolidation subsidiary (Note 7(a))	–	–	–	–	–	–	–	26,353,147	26,353,147
Impact of change in shareholding structure during the year	–	–	–	–	(18,312)	(15,778)	(34,090)	34,090	–
Dividends	4,799,742	706	1,248,331	–	91,505	(2,872,577)	(1,532,036)	–	(1,532,036)
Transaction with owners	4,799,742	706	1,248,331	–	73,193	(2,888,355)	(1,566,126)	26,387,237	24,821,111
Loss for the year	–	–	–	–	–	(87,141,023)	(87,141,023)	(13,737,240)	(100,878,263)
Other comprehensive income	–	–	–	(73,351)	(20,871,345)	–	(20,944,696)	(555,331)	(21,500,027)
Total comprehensive income	–	–	–	(73,351)	(20,871,345)	(87,141,023)	(108,085,719)	(14,292,571)	(122,378,290)
At 31 March 2018	356,308,697	52,378	125,567,473	6,650,305	(5,456,310)	11,461,826	138,275,672	854,752	139,130,424
At 1 April 2018	356,308,697	52,378	125,567,473	6,650,305	(5,456,310)	11,461,826	138,275,672	854,752	139,130,424
Additions on consolidation of new subsidiary	–	–	–	–	–	(2,680)	(2,680)	(466)	(3,146)
Dividends (Note 21)	31,601,503	4,646	3,558,442	–	–	(3,563,088)	–	–	–
Transaction with owners	31,601,503	4,646	3,558,442	–	–	(3,565,768)	(2,680)	(466)	(3,146)
Profit for the year	–	–	–	–	–	14,020,364	14,020,364	27,512	14,047,876
Other comprehensive income	–	–	–	–	1,207,292	–	1,207,292	961	1,208,253
Total comprehensive income	–	–	–	–	1,207,292	14,020,364	15,227,656	28,473	15,256,129
At 31 March 2019	387,910,200	57,024	129,125,915	6,650,305	(4,249,018)	21,916,422	153,500,648	882,759	154,383,407

During the year, in addition to the cash dividend the Company has paid a scrip dividend of 31,601,503 shares (2017: 4,799,742 shares).

The Notes are an integral part of these consolidated financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 July 2019 and were signed on its behalf by:

Arvind Gupta, Executive Chairman **Dmitri Tsvetkov,** Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in £, unless otherwise stated)	Notes	Year ended 31 March 2019	Year ended 31 March 2018 "Restated" (Refer Notes 5(a), 9(d))
Cash flows from operating activities			
Profit/(loss) before income tax		15,867,263	(97,805,532)
Adjustments for:			
Loss from discontinued operations, net	7(a)	989,493	99,983,431
Unrealised foreign exchange gain		(416,338)	(64,747)
Financial costs		14,586,917	13,620,915
Financial income		(2,207,480)	(1,623,500)
Depreciation and amortisation		6,064,374	6,526,177
Impairment provision for loss on assets under construction	7(d)	–	4,033,125
Expected credit loss on Trade receivables		790,437	271,116
(Gain) on sale of shares in AFS investments		–	(159,998)
Changes in working capital			
Trade and other receivables		(16,021,881)	4,657,219
Inventories		2,564,914	1,943,460
Other assets		4,752,087	(668,761)
Trade and other payables		2,384,828	26,316,454
Other liabilities		(669,762)	807,855
Cash generated from continuing operations		28,684,851	57,837,214
Taxes paid		(584,390)	(823,728)
Cash provided by (used for) operating activities of continuing operations		28,100,461	57,013,486
Cash provided by (used for) operating activities of discontinued operations		(8,256,479)	24,239,702
Net cash provided by (used for) operating activities		19,843,983	81,253,188
Cash flows from investing activities			
Purchase of property, plant and equipment (including capital advances)		(1,515,742)	(1,090,689)
Interest received		2,207,480	1,547,138
Movement in restricted cash		(1,737,255)	(16,103,811)
Sale of investments		785,222	2,676,801
Purchase of investments		–	(14,972,747)
Advances to associates		–	(1,985,863)
Cash from/(used in) investing activities of continuing operations		(260,295)	(29,929,171)
Cash from/(used in) investing activities of discontinued operations		(4,346,681)	442,963
Net cash from/(used in) investing activities		(4,606,976)	(29,486,208)
Cash flows from financing activities			
Proceeds from borrowings (net of costs)		7,535,858	4,099,459
Repayment of borrowings		(20,636,875)	(25,070,007)
Dividend paid		–	(1,623,539)
Finance costs paid (Notes 9 and 11)		(14,835,536)	(13,556,168)
Cash used in financing activities of continuing operations		(27,936,553)	(36,150,255)
Cash used in financing activities of discontinued operations		12,717,446	(25,127,046)
Net cash used in financing activities		(15,219,107)	(61,277,301)
Net decrease in cash and cash equivalents from continuing operations		(96,387)	(9,065,940)
Net decrease in cash and cash equivalents from discontinued operations		114,286	(444,381)
Net decrease in cash and cash equivalents		17,899	(9,510,321)
Cash and cash equivalents at the beginning of the year		2,185,570	13,086,123
Cash and cash equivalents – solar business		231,953	–
Exchange differences on cash and cash equivalents		29,769	(843,405)
Cash and cash equivalents of the discontinued operations		(346,231)	(546,827)
Cash and cash equivalents at the end of the year		2,118,960	2,185,570

CONSOLIDATED STATEMENT OF CASH FLOWS
CONTINUED

Disclosure of changes in financing liabilities:

Analysis of changes in net debt

(All amounts in £, unless otherwise stated)	1 April 2018	Cash flows	Other changes	31 March 2019
Working capital loan	3,426,622	7,535,858	(528,587)	**10,433,893**
Secured loan due within one year	20,402,793	(1,966,964)	–	**18,435,829**
Borrowings grouped under current liabilities	23,829,415	5,568,894	(528,587)	**28,869,722**
Secured loan due after one year	69,636,532	(18,669,911)	528,587	**51,495,208**
Borrowings grouped under non-current liabilities	69,636,532	(18,669,911)	528,587	**51,495,208**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ALL AMOUNTS ARE IN £, UNLESS OTHERWISE STATED)

1. Nature of operations

OPG Power Ventures Plc ('the Company' or 'OPGPV'), and its subsidiaries (collectively referred to as 'the Group') are primarily engaged in the development, owning, operation and maintenance of private sector power projects in India. The electricity generated from the Group's plants is sold principally to public sector undertakings and heavy industrial companies in India or in the short-term market. The business objective of the Group is to focus on the power generation business within India and thereby provide reliable, cost effective power to the industrial consumers and other users under the 'open access' provisions mandated by the Government of India.

2. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and their interpretations as adopted by the European Union ('EU') and the provisions of the Isle of Man, Companies Act 2006 applicable to companies reporting under IFRS.

3. General information

OPG Power Ventures Plc, a limited liability corporation, is the Group's ultimate parent Company and is incorporated and domiciled in the Isle of Man. The address of the Company's Registered Office, which is also the principal place of business, is IOMA House, Hope Street, Douglas, Isle of Man IM1 1JA. The Company's equity shares are listed on the Alternative Investment Market ('AIM') of the London Stock Exchange.

The consolidated financial statements for the year ended 31 March 2019 were approved and authorised for issue by the Board of Directors on 31 July 2019.

4. Recent accounting pronouncements

a) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's financial statements.

IFRS 16 "Leases"

On 13 January 2016, the IASB issued the final version of IFRS 16 "Leases". IFRS 16 will replace the existing leases standard, IAS 17 "Leases", and related interpretations. The standard sets out the principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of comprehensive income. The standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

The effective date for adoption of IFRS 16 is annual periods beginning on or after 1 January 2019. Management does not expect any significant impact of IFRS 16 on Group's consolidated financial statements.

b) Changes in accounting standards

i) IFRS 15 "Revenue from Contracts with Customers"

This standard replaces IAS 11 "Construction contracts", IAS 18 "Revenue", IFRIC 18 "Transfers of Assets from Customers" and several other revenue related interpretations previously adopted by the Group. The core principle of IFRS 15 is that an entity recognises revenue that reflects the expected consideration for goods or services provided to a customer under contract, over the performance obligations they are being provided. The standard has introduced a five-step model as the framework for applying that core principle.

The Group has applied the "Modified Retrospective" transition approach. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018. However, the application of IFRS 15 does not have any impact on the recognition and measurement of revenue and related items.

4. Recent accounting pronouncements continued

ii) IFRS 9 "Financial Instruments"
IFRS 9 "Financial Instruments" (2014) replaces the previous regulations of IAS 39 on financial instruments. The standard contains amended regulations on measurement categories for financial assets and includes some smaller changes in relation to the measurement of financial liabilities. It also contains regulations on impairments, which are based on expected losses for the first time. The new regulations on hedge accounting should improve the presentation of risk management activities in the consolidated financial statements. In line with the transitional regulations of IFRS 9, the prior-year carrying amounts are not adjusted.

IFRS 9 includes new rules for classifying financial instruments, which basically envisage four valuation categories:

- debt instruments measured at amortised cost;
- debt instruments measured at fair value through other comprehensive income, the changes in value of which are recognised with an effect on income (recycling) upon disposal;
- equity instruments measured at fair value through other comprehensive income, the changes in value of which remain in equity and are not recognised in profit or loss (no recycling) upon disposal; and
- financial instruments measured at fair value through profit or loss.

In addition to the new regulations regarding the statement of financial assets, IFRS 9 includes minor amendments to the statement of financial liabilities. These amendments have no impact on the Group's consolidated financial statements.

Furthermore, IFRS 9 introduces new regulations for hedge accounting, which aim to improve the presentation of risk management activities in consolidated financial statements. For this purpose, IFRS 9 extends the scope of underlying transactions qualifying for hedge accounting and introduces a new approach for assessing effectiveness, among other things. Overall, the new regulations regarding hedge accounting do not have any material effects on the Group's consolidated financial statements.

5. Summary of significant accounting policies

a) Basis of preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets and liabilities at fair value through profit or loss and financial assets measured at FVPL.

The consolidated financial statements are presented in accordance with IAS 1 Presentation of Financial Statements and have been presented in Great Britain Pounds ('£'), the functional and presentation currency of the Company.

Net foreign exchange loss is attributable to foreign currency variations on import of coal financed under letter of credit for power plant operation and was reclassified from General and Administrative expenses to finance costs in the Consolidated Statement of Comprehensive Income (Note 9(d)), as all letter of credit related charges and interest are included in finance cost.

During FY19, results of operations of joint venture Padma Shipping Limited were reclassified to discontinued operations and accordingly the comparatives for FY18 were restated to discontinued operations (£3,282,306) from Impairment provision for loss on investments and assets under construction (£3,247,668) and from share of loss from equity accounted investments (£34,638) (Note 7(a)). During FY2018, results of operations of Bhadreshwar Vidyut Private Limited (herein referred to as BVP and formerly known as OPGS Power Gujarat Private Limited) were reclassified to discontinued operations (Note 7(c)).

During FY19, the Company obtained a right to exercise an option to buy additional 30% equity interest in solar companies. This right, in combination with other rights, provided substantive potential voting rights and investments in solar companies were reclassified from associates to subsidiaries. During FY19, results of operations of associates Avanti Solar Energy Private Limited, Mayfair Renewable Energy Private Limited, Avanti Renewable Energy Private Limited and Brics Renewable Energy Private Limited were reclassified to discontinued operations. After evaluation of all options, the Company decided that the most efficient way to maximise shareholders' value from solar operations is to dispose of solar companies and it initiated a process of disposition of solar companies which met all conditions of IFRS 5 for classification of solar business as Assets held for sale at 31 March 2019 (Note 7(b)).

Going Concern
As at 31 March 2019 the Group had £2.1m in cash and net current assets of £30.0m. The Directors and management have prepared a cash flow forecast to July 2020, 12 months from the date this report has been approved.

The Group experiences sensitivity in its cash flow forecasts due to the exposure to potential increase in USD denominated coal prices and a decrease in the value of the Indian Rupee. The Directors and management are confident that the Group will be trading in line with its forecast and that any exposure to a fluctuation in coal prices or the exchange rate INR/USD has been taken into consideration and therefore prepared the financial statements on a going concern basis.

5. Summary of significant accounting policies continued

b) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of the operation of the Company and all of its subsidiaries as of 31 March 2019. All subsidiaries have a reporting date of 31 March.

A subsidiary is defined as an entity controlled by the Company. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date of acquisition, being the date on which effective control is acquired by the Group, and continue to be consolidated until the date that such control ceases.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interest represents the portion of profit or loss and net assets that is not held by the Group and is presented separately in the Consolidated statement of comprehensive income and within equity in the Consolidated statement of financial position, separately from parent shareholders' equity. Acquisitions of additional stake or dilution of stake from/to non-controlling interests/other venturer in the Group where there is no loss of control are accounted for as an equity transaction, whereby the difference between the consideration paid to or received from and the book value of the share of the net assets is recognised in 'other reserves' within statement of changes in equity.

c) Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

d) List of subsidiaries, joint ventures and associates

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

i) Subsidiaries

			% Voting right		% Economic interest	
Subsidiaries	Immediate parent	Country of incorporation	March 2019	March 2018	March 2019	March 2018
Caromia Holdings Limited ('CHL')	OPGPV	Cyprus	100	100	100	100
Gita Power and Infrastructure Private Limited ('GPIPL')	CHL	India	100	100	100	100
OPG Power Generation Private Limited ('OPGPG')	GPIPL	India	73.49	72.72	99.91	99.91
Bhadreshwar Vidyut Private Limited ('BVP') *	GPIPL	India	(*)	(*)	(*)	(*)
Samriddhi Solar Power Private Limited	OPGPG	India	73.49	72.72	99.90	99.90
Samriddhi Surya Vidyut Private Limited	OPGPG	India	73.49	72.72	99.90	99.90
OPG Surya Vidyut Private Limited	OPGPG	India	73.49	72.72	99.90	99.90
Powergen Resources Pte Ltd	OPGPV	Singapore	98.67	98.64	100.00	100.00
Avanti Solar Energy Private Limited **	OPGPG	India	31	Associate 31%	31	Associate 31%
Mayfair Renewable Energy Private Limited **	OPGPG	India	31	Associate 31%	31	Associate 31%
Avanti Renewable Energy Private Limited **	OPGPG	India	31	Associate 31%	31	Associate 31%
Brics Renewable Energy Private Limited **	OPGPG	India	31	Associate 31%	31	Associate 31%

** During the previous financial year end, GPIL sold 5% of its shareholding in BVP (formerly known as OPGS Power Gujarat Private Limited), and thereby reducing its stake to 46% as a result of which the Group lost control over BVP. In addition, the Group also does not have any significant influence in BVP (Note 7(c) Loss from discontinued operations and impairment provision), therefore the investment in BVP was classified as financial instruments measured at fair value through profit or loss and BVP financial statements were consequently deconsolidated as on 31 March 2018.*

During the previous financial year, BVP had amendments to the share capital rights with retrospective effect from 1 April 2015. By means of the amendment, the voting rights and economic rights of all shareholders, irrespective of the class of shares held, were aligned. The aforesaid transaction was accounted as an equity transaction, and accordingly no gain or loss was recognised in the consolidated income statement.

*** During FY19, the Group obtained a right to exercise an option to buy additional equity interest in solar companies. This right, in combination with other rights, provided substantive potential voting rights and investments in solar companies were reclassified from associates to subsidiaries.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

5. Summary of significant accounting policies continued

ii) Financial assets measured at FVPL (Assets held for sale) – Joint ventures (Note 7(a))

Joint venture	Venturer	Country of incorporation	% Voting right March 2019	% Voting right March 2018	% Economic interest March 2019	% Economic interest March 2018
Padma Shipping Limited ('PSL')	OPGPV/OPGPG	Hong Kong	**50**	50	**50**	50

e) Foreign currency translation

The functional currency of the Company is the Great Britain Pound Sterling ('GBP'). The Cyprus entity is an extension of the parent and pass through investment entity. Accordingly the functional currency of the subsidiary in Cyprus is the GBP. The functional currency of the Company's subsidiaries operating in India, determined based on evaluation of the individual and collective economic factors is Indian Rupees ('₹' or 'INR'). The presentation currency of the Group is the GBP as submitted to the AIM counter of the London Stock Exchange where the shares of the Company are listed.

At the reporting date the assets and liabilities of the Group are translated into the presentation currency at the rate of exchange prevailing at the reporting date and the income and expense for each statement of profit or loss are translated at the average exchange rate (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the rate on the date of the transactions). Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity.

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of financial position date are translated into functional currency at the foreign exchange rate ruling at that date. Aggregate gains and losses resulting from foreign currencies are included in finance income or costs within the profit or loss.

INR exchange rates used to translate the INR financial information into the presentation currency of GBP are the closing rate as at 31 March 2019: 90.28 (2018: 90.81) and the average rate for the year ended 31 March 2019: 91.60 (2018: 85.40).

f) Revenue recognition

The Group's accounting policies for Revenue have changed during the year, following adoption of IFRS 15 (Note 4(b)(i)), however, the application of IFRS 15 does not have any impact on the recognition and measurement of revenue and related items. Revenue from contracts with customers is recognised to the extent that it reflects the expected consideration for goods or services provided to the customer under contract, over the performance obligations they are being provided. For each separable performance obligation identified, the Group determines whether it is satisfied at a "point in time" or "over time" based upon an evaluation of the receipt and consumption of benefits, control of assets and enforceable payment rights associated with that obligation. If the criteria required for "over time" recognition are not met, the performance obligation is deemed to be satisfied at a "point in time". Revenue principally arises as a result of the Group's activities in electricity generation and distribution. Supply of power and billing satisfies performance obligations. The supply of power is invoiced in arrears on a monthly basis and generally the payment terms within the Group are 30 days.

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 the reporting date and reflecting the applicable customer tariff after deductions or discounts.

Interest and dividend
Revenue from interest is recognised as interest accrued (using the effective interest rate method). Revenue from dividends is recognised when the right to receive the payment is established.

g) Operating expenses

Operating expenses are recognised in the statement of profit or loss upon utilisation of the service or as incurred.

h) Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, taxation authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

5. Summary of significant accounting policies continued

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets and liabilities are offset only when the Group has a right and the intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

i) Financial assets

IFRS 9 "Financial Instruments" (2014) replaces the previous regulations of IAS 39 on financial instruments. The standard contains amended regulations on measurement categories for financial assets and includes some smaller changes in relation to the measurement of financial liabilities. It also contains regulations on impairments, which are based on expected losses for the first time. The new regulations on hedge accounting should improve the presentation of risk management activities in the consolidated financial statements. In line with the transitional regulations of IFRS 9, the prior-year carrying amounts are not adjusted. The application of the new classification and valuation regulations and the recognition of the associated effects of the changeover occur through the adjustment of the carrying amounts of the financial assets and liabilities as well as retained earnings as of 1 April 2018.

IFRS 9 includes new rules for classifying financial instruments, which basically envisage four valuation categories:

- debt instruments measured at amortised cost;
- debt instruments measured at fair value through other comprehensive income, the changes in value of which are recognised with an effect on income (recycling) upon disposal;
- equity instruments measured at fair value through other comprehensive income, the changes in value of which remain in equity and are not recognised in profit or loss (no recycling) upon disposal; and
- financial instruments measured at fair value through profit or loss.

IFRS 9 also contains new regulations on the impairment of financial assets, which stipulate that such be based on expected losses.

j) Financial liabilities

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

k) 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 prices at the close of business on the Statement of financial position 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.

l) Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to property plant and equipment such as employee costs, 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. All other repairs and maintenance costs are recognised in the profit or loss as incurred.

5. Summary of significant accounting policies continued

Land is not depreciated. Depreciation on all other assets is computed on a straight-line basis over the useful life of the asset based on management's estimate as follows:

Nature of asset	Useful life (years)
Buildings	40
Power stations	40
Other plant and equipment	3-10
Vehicles	5-11

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 the profit or loss in the year the asset is derecognised.

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

m) Intangible assets

Acquired software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Subsequent measurement
All intangible assets, including software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. The useful life of software is estimated as four years.

n) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and 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 lessee
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 Group. Leases where the Group does not acquire substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

o) 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. Interest income earned on the temporary investment of specific borrowing pending its expenditure on qualifying assets is deducted from the costs of these assets.

Gains and losses on extinguishment of liability, including those arising from substantial modification from terms of loans are not treated as borrowing costs and are charged to profit or loss.

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

5. Summary of significant accounting policies continued

p) 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 such 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 and 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.

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 profit or loss.

q) Non-current assets held for sale and discontinued operations

Non-current assets and any corresponding liabilities held for sale and any directly attributable liabilities are recognised separately from other assets and liabilities in the balance sheet in the line items “Assets held for sale” and “Liabilities associated with assets held for sale” if they can be disposed of in their current condition and if there is sufficient probability of their disposal actually taking place. Discontinued operations are components of an entity that are either held for sale or have already been sold and can be clearly distinguished from other corporate operations, both operationally and for financial reporting purposes. Additionally, the component classified as a discontinued operation must represent a major business line or a specific geographic business segment of the Group. Non-current assets that are held for sale either individually or collectively as part of a disposal group, or that belong to a discontinued operation, are no longer depreciated. They are instead accounted for at the lower of the carrying amount and the fair value less any remaining costs to sell. If this value is less than the carrying amount, an impairment loss is recognised. The income and losses resulting from the measurement of components held for sale, as well as the gains and losses arising from the disposal of discontinued operations, are reported separately on the face of the income statement under income/loss from discontinued operations, net, as is the income from the ordinary operating activities of these divisions. Prior-year income statement figures are adjusted accordingly. However, there is no reclassification of prior-year balance sheet line items attributable to discontinued operations.

r) Cash and cash equivalents

Cash and cash equivalents in the Statement of financial position includes cash in hand and at bank and short-term deposits with an original maturity period of 3 months or less.

For the purpose of the Consolidated cash flow statement, cash and cash equivalents consist of cash in hand and at bank and short-term deposits. Restricted cash represents deposits which are subject to a fixed charge and held as security for specific borrowings and are not included in cash and cash equivalents.

s) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted based on weighted average price. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

t) Earnings per share

The earnings considered in ascertaining the Group's earnings per share ('EPS') comprise the net profit 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. For the purpose of calculating diluted earnings per share the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

5. Summary of significant accounting policies continued

u) Other provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognised on the acquisition date when there is a present obligation that arises from past events and the fair value can be measured reliably, even if the outflow of economic resources is not probable. They are subsequently measured at the higher amount of a comparable provision as described above and the amount recognised on the acquisition date, less any amortisation.

v) Share-based payments

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to "Other Reserves".

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

w) 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 Statement of financial position date using the projected unit credit method.

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. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit or loss in the statement of comprehensive income in the period in which they arise.

5. Summary of significant accounting policies continued

x) Business combinations

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established using the pooling of interest method. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity. Any excess consideration paid is directly recognised in equity.

y) Segment reporting

The Group is primarily involved in the business of power generation. Considering the nature of the Group's business, as well as based on reviews by the chief operating decision maker to make decisions about resource allocation and performance measurement, there are only two reportable segments in accordance with the requirements of IFRS 8.

6. 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 requires the Group to use a variety of estimation techniques and apply judgement 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 management judgement 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 actual results may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

a) Judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Assessing control of subsidiaries, associates, joint ventures
During FY19, the Company obtained a right to exercise an option to buy additional 30% equity interest in the solar companies. This right, in combination with other rights, provided substantive potential voting rights and the investments in the solar companies were reclassified from associates to subsidiaries. Subsequently, the results of operations of associates Avanti Solar Energy Private Limited, Mayfair Renewable Energy Private Limited, Avanti Renewable Energy Private Limited and Brics Renewable Energy Private Limited were reclassified to discontinued operations.

Non-current assets held for sale and discontinued operations
The Group exercises judgement in whether assets are held for sale. After evaluation of all options, the Company decided that the most efficient way to maximise shareholders' value from solar operations is to dispose of the solar companies and it initiated the process of disposition of the solar companies. Under IFRS 5, such a transaction meets the 'Asset held for sale' when the transaction is considered sufficiently probable and other relevant criteria are met. Management considers that all the conditions under IFRS 5 for classification of the solar business as held for sale have been met as at 31 March 2019 and expects the interest in the solar companies to be sold within the next 12 months.

The investment in the joint venture Padma Shipping Limited and associated advance has been presented as an asset held for sale following the process of sale of the second vessel as mentioned in Note 7(a). During FY18 the Group has sold a 5% equity stake in its special purpose vehicle BVP to Bee Electric, an Indian company. This transaction reduced the Group's equity interest in BVP to 46%. A voting agreement was signed with Bee Electric whereby OPG shall exercise all its rights of voting at the general meetings of BVP in India in accordance with the directions of Bee Electric. Sale of the 5% stake and execution of the voting agreement resulted in the Company losing control and significant influence over BVP and in accordance with International Financial Reporting Standards BVP was deconsolidated as of 31 March 2018 and the Group's remaining 46% in BVP was accounted for as an investment at fair value as at 31 March 2018.

Recoverability of deferred tax assets: The recognition of deferred tax assets requires assessment of future taxable profit (see Note 5(h)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

6. Significant accounting judgements, estimates and assumptions continued

b) Estimates and uncertainties

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

i. Estimation of fair value of financial assets and financial liabilities: While preparing the financial statements the Group makes estimates and assumptions that affect the reported amount of financial assets and financial liabilities.

Trade receivables
The Group ascertains the expected credit losses ('ECL') for all receivables and adequate impairment provision are made. At the end of each reporting period a review of the allowance for impairment of trade receivables is performed. Trade receivables do not contain a significant financing element, and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised on initial recognition. A provision matrix is utilised to estimate the lifetime expected credit losses based on the age, status and risk of each class of receivable, which is periodically updated to include changes to both forward-looking and historical inputs.

Assets held for sale – Financial assets measured at FVPL

Valuation of investment in joint venture Padma Shipping is based on estimates and subject to uncertainties (Note 7(a)).

Financial assets measured at FVPL
Management applies valuation techniques to determine the fair value of financial assets measured at FVPL where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the asset. Where such data is not observable, management uses its best estimate. Estimated fair values of the asset may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Other financial liabilities
Borrowings held by the Group are measured at amortised cost (Note 5(j) and Note 29).

ii. Impairment tests: In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and use an interest rate for discounting them. Estimation uncertainty relates to assumptions about future operating results, including fuel prices, foreign currency exchange rates etc., and the determination of a suitable discount rate; and

iii. Useful life of depreciable assets: Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

7. Non-current assets held for sale and discontinued operation

Non-current assets held for sale and discontinued operation consists of:

	Assets held for sale		Liabilities classified as held for sale		Loss from discontinued operations	
	At 31 March 2019	At 31 March 2018	At 31 March 2019	At 31 March 2018	For FY 19	For FY 18
i Investments in Joint Venture (7(a))	918,432	–	–	–	1,010,200	3,282,306
ii Solar subsidiaries (7(b))	49,579,232	–	35,267,786	–	(20,708)	658
iii BVP (7(c))	–	–	–	–	–	96,700,467
Total	50,497,664	–	35,267,786	–	989,493	99,983,431

a) Investment in Joint Venture Padma Shipping Limited – classified as held for sale

In 2014 the Company entered into a Joint Venture agreement with Noble Chartering Ltd ('Noble'), to secure competitive long-term rates for international freight for its imported coal requirements. Under the agreement, the Company and Noble agreed to jointly purchase and operate two 64,000 MT cargo vessels through a Joint Venture company Padma Shipping Ltd, Hong Kong ('Padma').

During FY18, the Joint Venture partner due to a change in their group strategy requested for the Joint Venture to be terminated and as the vessels were still under construction OPG agreed with this proposal. During FY19 one of the vessels was sold by the shipping yard and during FY19 the second vessel was in the process of being sold. The Padma Joint Venture will be terminated and dissolved following the sale of the second vessel. As at 31 March 2019, the investment was therefore reclassified to assets held for sale. The second vessel was sold post year end.

7. Non-current assets held for sale and discontinued operation continued

OPG has invested approximately £3,484,178 in equity and £1,727,418 to date as advance (Note 17) and accordingly the Joint Venture has been reported using the equity method as per the requirements of IFRS 11. The Company provided a corporate guarantee for 50% of the equity portion of the cost of construction of the vessels remaining balance in the amount of £2,006,035 (equivalent of $2,800,000) which was recognised in these financial statements as part of the prior year provision of £3,247,668 as the shipping yard requested payment. Following the sale of the first vessel the corporate guarantee of $2,800,000 was effectively released. During the year the Company recognised an impairment provision of £1,000,000 against its advance of £1,727,418 (Note 17) on account of the impending dissolution of the Joint Venture and £10,200 share of loss. The carrying value of OPG's investment in the Padma Joint Venture including the advance provided of £918,432 was classified as Assets held for sale in the Consolidated Statement of Financial Position as at 31 March 2019 and the results of Padma's operations were included in Loss from discontinued operations in the Consolidated Statement of Comprehensive Income.

b) Assets held for sale and discontinued operations of solar subsidiaries

During FY19, the Company obtained a right to exercise an option to buy an additional 30% equity interest in the solar companies following the achievement of the conditions precedent. This right, in combination with other rights, provided substantive potential voting rights and the investments in the solar companies were reclassified from associates to subsidiaries in the year. During FY19, the results of the operations of Avanti Solar Energy Private Limited, Mayfair Renewable Energy Private Limited, Avanti Renewable Energy Private Limited and Brics Renewable Energy Private Limited were therefore consolidated. After evaluation of all the options, the Company decided that the most efficient way to maximise shareholders' value from the solar operations is to dispose of the solar companies and the process of disposition of the solar companies was initiated. Management expects the interest in the solar companies to be sold within the next 12 months.

Accordingly, the assets and liabilities relating to Avanti Solar Energy Private Limited, Mayfair Renewable Energy Private Limited, Avanti Renewable Energy Private Limited and Brics Renewable Energy Private Limited have been presented as held for sale. There was no gain or loss associated with the reclassification.

Non-current assets held for sale and discontinued operations

(a) Assets of disposal group classified as held for sale	As at 31 March 2019	As at 31 March 2018
Property, plant and equipment	46,442,294	–
Trade and other receivables	578,721	–
Other short-term assets	499,527	–
Restricted cash	1,712,450	–
Cash and cash equivalents	346,240	–
Investment in Joint Venture classified as held for sale	918,432	–
Total	50,497,664	–

(b) Liabilities of disposal group classified as held for sale	As at 31 March 2019	As at 31 March 2018
Non-current liabilities		
Borrowings	17,194,745	–
Trade and other payables	7,710,956	–
Deferred tax liability	1,666,495	–
Current liabilities		
Trade and other payables	3,958,192	–
Other liabilities	4,737,398	
Total	35,267,786	–

(c) Analysis of the results of discontinued operations is as follows:	For FY 19	For FY 18
Revenue	5,007,509	–
Operating profit before impairments	4,321,229	–
Finance cost	(2,294,669)	–
Current tax	(363,372)	–
Deferred tax	(1,642,480)	–
Share of loss from associates	–	(658)
Gain/(loss) after tax of discontinued operations attributable to owners of the Company	20,708	(658)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Non-current assets held for sale and discontinued operation continued

c) Loss from discontinued operations of BVP

During the previous year, the Group sold a 5% equity stake in its special purpose vehicle BVP to a local firm, Bee Electric Power Private Limited ('Bee Electric'), that assisted BVP in resolving several issues raised by the DISCOMS and will continue to assist BVP in its dealings with DISCOMS, captive consumers and regulators. The 5% equity interest in BVP will provide long-term incentives for Bee Electric and will better align its interests with those of BVP. The Group retains the ability to buy back the 5% shareholding at fair value in the future. This transaction reduced the Group's equity interest in BVP to 46%. The Group does not expect any cash flow or dividends from BVP. Sales proceeds from selling a 5% equity interest in BVP is approximately GBP 4,535 which represents tax book value. Also a voting agreement was signed with Bee Electric whereby OPG shall exercise all its rights of voting at the general meetings of BVP in accordance with the directions of Bee Electric.

Sale of the 5% stake and execution of the voting agreement resulted in the Company losing control and significant influence over BVP, and in accordance with International Financial Reporting Standards BVP was deconsolidated as of 31 March 2018 and the Group's remaining 46% in BVP was accounted for as an investment at fair value as at 31 March 2018 and 31 March 2019. Fair valuation of retained investments in BVP of £40,453 is on the basis of the recent transaction. Starting from FY18-19, the results of operations of BVP are not consolidated in OPG Group's consolidated financial statements.

The FY18 Loss from discontinued operations of BVP consists of:

		£
i	Operating loss of BVP for current year	27,990,427
ii	Loss on deconsolidation of BVP	22,330,728
iii	Impairment provision for investments in debentures of BVP	11,060,890
iv	Impairment provision for trade receivables and trade advances to BVP	21,969,479
v	Impairment provision for financial securities pledged with lenders of BVP	13,348,943
Total loss from discontinued operations of BVP		96,700,467

Loss on deconsolidation of BVP:

		£
Consideration received		4,535
Fair value of retained non-controlling investment in BVP		40,453
Total	*(A)*	44,988
Total assets		256,056,615
Total liabilities		(260,034,046)
Net liabilities at date of loss of control	*(B)*	(3,977,431)
Non-controlling interest on date of loss of control	*(C)*	26,353,147
Net loss on disposal affecting the Group	*(A-B-C)*	(22,330,728)

Income statement of BVP

	Year ended 31 March 2018
Revenue	91,536,946
Cost of revenue	(69,294,346)
Gross profit	22,242,600
Other income	393,243
Distribution cost	(14,805,606)
General and administrative expenses	(1,848,316)
Depreciation	(6,143,974)
Operating profit	(162,053)
Finance costs	(28,343,101)
Finance income	514,727
Loss before tax	(27,990,427)
Tax income/(expense)	–
Loss after tax	(27,990,427)

7. Non-current assets held for sale and discontinued operation continued

d) FY18 impairment of assets under construction of £4,033,125

During the previous year the Company impaired an amount of £4,033,125 relating to obsolete assets under construction, as a one-off transaction. The plant and machinery under construction of proposed 12 MW power project to be set up on a 120 acre brownfield site in the industrial heartland of Karnataka state at Bellary has been impaired as the Group did not expect any economic benefits out of same. The plant and machinery were purchased along with the land and is of no use, hence was scrapped.

8. Segment reporting

The Group has adopted the "management approach" in identifying the operating segments as outlined in IFRS 8 "Operating segments". Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators at operating segment level. Accordingly, there are two operating segments, thermal power and solar power, following the reclassification of the interest in the solar companies as subsidiaries as detailed in Note 7(b). The solar power business was classified as held for sale subsequently. There are no geographical segments as all revenues arise from India.

Revenue on account of sale of power to one customer exceeding 10% of total sales revenue amounts to £24,117,088 (2018: £18,894,360).

Segmental information disclosure

	Continuing operations Thermal		Discontinued operations Solar	
Segment revenue	**FY19**	FY18	**FY19**	FY18
Sales	**140,632,328**	140,115,336	**5,007,509**	–
Total	**140,632,328**	140,115,336	**5,007,509**	–
Depreciation	**(6,064,374)**	(6,526,177)	**–**	–
Impairment	**–**	(4,033,125)	**–**	–
Profit/(loss) from operation	**29,323,147**	14,175,314	**4,009,485**	(658)
Finance income	**2,207,480**	1,623,500	**311,744**	–
Finance cost	**(14,419,198)**	(13,620,915)	**(2,294,669)**	–
Tax expenses	**(1,819,387)**	(3,072,731)	**(2,005,852)**	–
Profit/(loss) for the year	**15,292,042**	(894,832)	**20,708**	(658)
Assets	**294,328,018**	304,743,440	**49,579,232**	–
Liabilities	**155,174,489**	165,613,016	**35,267,786**	–

9. Costs of inventories and employee benefit expenses included in the consolidated statements of comprehensive income

a) Cost of revenue

	31 March 2019	31 March 2018
Included in cost of revenue:		
Cost of fuel consumed	**88,754,095**	95,465,961
Other direct costs	**2,999,668**	4,729,316
Total	**91,753,763**	100,195,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

9. Costs of inventories and employee benefit expenses included in the consolidated statements of comprehensive income continued

b) Employee benefit expenses forming part of general and administrative expenses are as follows:

	31 March 2019	31 March 2018
Salaries and wages	3,302,162	3,221,663
Employee benefit costs*	251,520	702,020
Employee stock option	–	–
Total	3,553,682	3,923,683

** Includes £Nil (2018: 23,994) being expenses towards gratuity which is a defined benefit plan (Note 5(w)).*

c) Auditor's remuneration for audit services amounting to £80,000 (2018: £90,000) is included in general and administrative expenses.

d) Foreign exchange movements (realised and unrealised) included in the finance costs are as follows:

	31 March 2019	31 March 2018
Foreign exchange realised – loss	3,543,163	624,196
Foreign exchange unrealised – (gain)/loss	(416,338)	64,747
Total	3,126,825	688,943

Net foreign exchange loss is attributable to foreign currency variations on import of coal financed under letters of credit for power plant operation and was reclassified from general and administrative expenses to finance costs in the Consolidated Statement of Comprehensive Income (Note 5(a)), as all letters of credit related charges and interest are included in finance cost.

10. Other income and expenses

Other income

	31 March 2019	31 March 2018
Sale of coal	887,815	162,394
Sale of fly ash	48,910	53,198
Power trading commission and other services	1,217,369	558,657
Sale of solar power plant system to associates (net of cost) (Note 25)	–	44,505
Others	491,238	1,160,270
Total	2,645,332	1,979,024

11. Finance costs

Finance costs are comprised of:

	31 March 2019	31 March 2018
Interest expenses on borrowings	10,210,464	12,237,962
Net foreign exchange loss (Note 9)	3,126,825	688,943
Other finance costs	1,249,628	694,010
Total	14,586,917	13,620,915

Other finance costs include charges and costs related to LCs for import of coal and other charges levied by bank on transactions.

12. Finance income

Finance income is comprised of:

	31 March 2019	31 March 2018
Interest income on bank deposits and advances	2,192,555	1,519,407
Profit on disposal of financial instruments*	14,925	104,093
Total	2,207,480	1,623,500

** Financial instruments represent the mutual funds held during the year.*

13. Tax expense

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 2019 and 2018 is as follows:

	31 March 2019	31 March 2018
Accounting profit/(loss) before taxes	16,856,756	(1,105,065)
Enacted tax rates	34.94%	34.61%
Tax expense/(benefit) on profit/(loss) at enacted tax rate	5,890,425	(382,441)
Exempt income due to tax holiday	(685,895)	(4,921,430)
Foreign tax rate differential	303,096	(616,602)
Unused tax losses brought forward and carried forward	(1,216,052)	7,709,658
Non-taxable items	(2,281,621)	(1,447,546)
MAT credit entitlement	(190,567)	2,731,117
Others	–	(25)
Actual tax for the period	1,819,387	3,072,731

	31 March 2019	31 March 2018
Current tax	1,281,584	341,614
Deferred tax	2,543,655	2,731,117
Less: reclassified to loss from discontinuing operations	(2,005,852)	–
Tax reported in the statement of comprehensive income	1,819,387	3,072,731

The Company is subject to Isle of Man corporate tax at the standard rate of 0%. 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 entirely based in India, the effective tax rate of the Group has been computed based on the current tax rates prevailing in India. There has been revision in rate of cess applicable on corporate income tax in India as applicable for the year. Further, a substantial portion of the profits of the Group's India operations are exempt from Indian income taxes being profits attributable to generation of power in India. Under the tax holiday the taxpayer can utilise an exemption from income taxes for a period of any 10 consecutive years out of a total of 15 consecutive years from the date of commencement of the operations. However, the entities in India are still liable for Minimum Alternate Tax ('MAT') which is calculated on the book profits of the respective entities currently at a rate of 21.55% (31 March 2018: 21.34%).

The Group has carried forward credit in respect of MAT tax liability paid to the extent it is probable that future taxable profit will be available against which such tax credit can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

13. Tax expense continued

Deferred income tax for the Group at 31 March 2019 and 2018 relates to the following:

	31 March 2019	31 March 2018
Deferred income tax assets		
Unused tax losses brought forward and carried forward	1,216,052	–
MAT credit entitlement	11,565,427	11,396,590
	12,781,479	11,396,590
Deferred income tax liabilities		
Property, plant and equipment	15,161,594	12,853,798
	15,161,594	12,853,798
Deferred income tax liabilities, net	2,380,115	1,457,209

Movement in temporary differences during the year

Particulars	As at 1 April 2018	Deferred tax asset/(liability) for the year	Classified as (asset)/liability held for sale	Translation adjustment	As at 31 March 2019
Property, plant and equipment	(12,853,799)	(4,754,829)	2,447,034	–	(15,161,594)
Unused tax losses brought forward and carried forward	–	2,020,606	(804,554)	–	1,216,052
MAT credit entitlement	11,396,590	190,567	–	(21,730)	11,565,427
Mark to market gain/(loss) on financial assets measured at FVPL	–	–	–	–	–
Deferred income tax (liabilities)/assets, net	(1,457,209)	(2,543,656)	1,642,480	(21,730)	(2,380,115)

Particulars	As at 1 April 2017	Deferred tax asset/(liability) for the year	Classified as (asset)/liability held for sale	Translation adjustment	As at 31 March 2018
Property, plant and equipment	(16,684,770)	(1,844)	–	3,832,816	(12,853,799)
MAT credit entitlement	15,691,186	(2,731,117)	–	(1,563,479)	11,396,590
Mark to market (loss)/gain on financial instruments measured at FVPL	(14,267)	14267	–	–	–
Deferred income tax (liabilities)/assets, net	(1,007,851)	(2,718,694)	–	2,269,337	(1,457,209)

In assessing the recoverability of deferred income tax assets, management considers whether it is more likely that not that some portion or all of the deferred income tax assets will be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

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 15% to be grossed up (plus applicable surcharge and education cess) on the total amount distributed as dividend.

There is no unrecognised deferred tax assets and liabilities. As at 31 March 2019 and 2018, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group’s subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

14. Intangible assets

	Acquired software licences
Cost	
At 1 April 2017	938,002
Additions	26,304
Exchange adjustments	(103,190)
Adjustments on account of deconsolidation of a subsidiary	(13,468)
At 31 March 2018	847,648
Additions	–
Exchange adjustments	4,976
At 31 March 2019	**852,624**
Accumulated depreciation and impairment	
At 1 April 2017	714,778
Charge for the year	162,653
Exchange adjustments	(88,322)
Adjustments on account of deconsolidation of a subsidiary	(5,631)
At 31 March 2018	783,478
Charge for the year	40,354
Exchange adjustments	5,190
At 31 March 2019	**829,021**
Net book value	
At 31 March 2019	**23,603**
At 31 March 2018	64,170

15. Property, plant and equipment

The property, plant and equipment comprises of:

	Land & buildings	Power stations	Other plant & equipment	Vehicles	Solar assets	Assets under construction	Total
Cost							
At 1 April 2017	15,615,379	482,207,682	970,897	2,814,116	–	8,480,876	510,088,950
Additions	–	9,725,079	53,476	3,813	–	–	9,782,368
Deletions	(495,514)	–	–	(4,610)	–	–	(500,124)
Impairment of assets under construction	–	–	–	–	–	(4,033,125)	(4,033,125)
Exchange adjustments	(1,633,612)	(53,062,680)	(106,946)	(303,001)	–	83,009	(55,023,230)
Adjustments on account of deconsolidation of a subsidiary	(8,742,160)	(217,803,207)	(302,502)	(115,679)	–	–	(226,963,548)
At 31 March 2018	4,744,093	221,066,874	614,925	2,394,639	–	4,530,760	233,351,291
At 1 April 2018	4,744,093	221,066,874	614,925	2,394,639	–	4,530,760	233,351,291
Additions	236,830	316,648	1,154,749	8,751	–	18,803	1,735,781
Additions – Solar assets (Note 7(b))	–	–	–	–	46,635,849	–	46,635,849
Deletions	–	(11,054)	–	–	–	–	(11,054)
Solar assets classified as Asset held for sale (Note 7(b))	–	–	–	–	(46,635,849)	–	(46,635,849)
Transfers on capitalisation	–	290,658	–	–	–	(290,658)	–
Exchange adjustments	26,978	1,297,928	3,595	14,023	–	26,959	1,369,483
At 31 March 2019	**5,007,901**	**222,961,054**	**1,773,269**	**2,417,413**	**–**	**4,285,864**	**236,445,501**
Accumulated depreciation and impairment							
At 1 April 2017	143,397	28,373,085	832,397	835,345	–	–	30,184,224
Charge for the year	21,566	11,953,076	69,209	463,647	–	–	12,507,498
Exchange adjustments	(17,066)	(3,802,766)	(95,031)	(119,348)	–	–	(4,034,211)
Adjustments on account of deconsolidation of a subsidiary	(115,723)	(12,067,207)	(280,475)	(113,950)	–	–	(12,577,355)
At 31 March 2018	32,174	24,456,188	526,100	1,065,694	–	–	26,080,156
At 1 April 2018	32,174	24,456,188	526,100	1,065,694	–	–	26,080,156
Charge for the year *	12,363	5,494,384	103,316	413,957	6,024,020		
Additions – Solar assets (Note 7(b))	–	–	–	–	4,417	–	4,417
Exchange adjustments	493	221,076	4,595	12,270	–	–	238,434
Solar assets classified as Asset held for sale (Note 7(b))	–	–	–	–	(4,417)	–	(4,417)
At 31 March 2019	**45,030**	**30,171,648**	**634,011**	**1,491,921**	**–**	**–**	**32,342,610**
Net book value							
At 31 March 2019	**4,962,871**	**192,789,406**	**1,139,258**	**925,492**	**–**	**4,285,864**	**204,102,891**
At 31 March 2018	4,711,919	196,610,686	88,825	1,328,945	–	4,530,760	207,271,135

** Depreciation charge for the year includes Nil (2018: £6,143,974) pertaining to deconsolidated subsidiary BVP (Note 7 (c)).*

The net book value of land and buildings block comprises of:

	31 March 2019	31 March 2018
Freehold land	**4,514,642**	4,292,608
Buildings	**448,229**	419,311
	4,962,871	4,711,919

Property, plant and equipment with a carrying amount of £197,184,156 (2018: £198,699,226) is subject to security restrictions (refer Note 23).

16. Investments accounted for using the equity method

The carrying amount of investments accounted for using the equity method is as follows:

	31 March 2019	31 March 2018
Investments in joint venture	3,448,882	3,484,178
Investments in associates (Note 7(b))	–	11,037,659
Share of (loss) from equity accounted investments	–	(35,296)
Impairment provision for investments in joint venture (Note 7(a))	(3,247,668)	(3,247,668)
Elimination of intra-group margin	–	(19,495)
Balance value of Investments in joint venture classified as Assets held for sale	(201,214)	–
Investments accounted for using the equity method	–	11,219,378

The Group's share of loss from equity accounted investments is as follows:

	31 March 2019	31 March 2018
Investment in joint venture	–	(34,638)
Investments in associates	–	(658)
	–	(35,296)

a) Investment in joint venture (Note 5(d) and Note 7(a))

The investment in Padma Shipping Limited ('PSL') is accounted for using the equity method in accordance with IAS 28. The financial statements of PSL are as of 31 December 2018 which is the financial year followed by PSL. As no additional information was available as such the 31 December 2018 figures have been used below. At the end of the year the investment in PSL net of impairment provision is classified as Asset held for sale. Summarised financial information for PSL is set out below:

	31 March 2019	31 March 2018
Non-current assets	11,631,930	11,344,541
Current assets (a)	29,970	55,502
Total assets	11,661,900	11,400,043
Current liabilities (b)	4,784,535	4,500,962
Total liabilities	4,784,535	4,500,962
Net assets	6,877,365	6,899,081

(a) Includes cash and cash equivalents
(b) Includes financial liabilities

	31 March 2019	31 March 2018
Total net assets of PSL	6,877,365	6,899,081
Proportion of ownership interests held by the Group	50%	50%
Group's share of the investment in PSL	3,438,683	3,449,540

b) Investment in associates (Note 5(d) Note 7(b))

Summarised aggregated financial information of the Group's share in the associates

	31 March 2019	31 March 2018
(Loss) from continuing operations	–	(658)
Other comprehensive income	–	–
Total comprehensive loss	–	(658)
Aggregate carrying amount of the Group's interests in these associates	–	11,017,506

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17. Other assets

	31 March 2019	31 March 2018
A. Short-term		
Capital advances	280,494	278,857
Equity instruments measured at fair value through P&L	40,453	65,706
Advances and other receivables	6,008,407	9,070,408
Total	6,329,354	9,414,971
B. Long-term		
Advances to related parties	727,418	1,727,418
Classified as asset held for sale (Note 7(a))	(727,418)	–
Investment in debentures	–	785,222
Lease deposits	502,869	477,959
Bank deposits	–	–
Other advances	15,684	9,734
Total	518,553	3,000,333

Equity instruments measured at fair value through P&L are comprised of:

Fair value of retained investment in former subsidiary BVP £40,453 (Note 7(c)). Fair valuation of retained investments in BVP is on the basis of the last transaction.

Quoted short-term mutual fund units
The fair value of the mutual fund instruments is determined by reference to published data. These mutual fund investments are redeemable on demand.

Advances and other receivables (current)
Advances to suppliers include trade advance paid to vendors for supply of goods and services. During FY18, impairment provision was made for trade advances to BVP aggregating to £20,660,649. Capital advances comprise of payments made to contractors for construction of assets and advances paid for purchase of capital equipment. The management expects to realise these in the next year.

18. Trade and other receivables

	31 March 2019	31 March 2018
Current		
Trade receivables	49,079,582	33,644,282
Other receivables	118,523	51,263
	49,198,105	33,695,545

The Group's trade receivables are classified at amortised cost unless stated otherwise and are measured after allowances for future expected credit losses, see "Credit risk analysis" in Note 29 "Financial risk management objectives and policies" for more information on credit risk. The carrying amounts of trade and other receivables, which are measured at amortised cost, approximate their fair value and are predominantly non-interest bearing.

19. Inventories

	31 March 2019	31 March 2018
Coal and fuel	6,038,267	8,382,022
Stores and spares	1,113,099	1,334,258
Total	7,151,366	9,716,280

The entire amount of the above inventories has been pledged as security for borrowings (refer to Note 23)

20. Cash and cash equivalents and restricted cash

a) Cash and short-term deposits comprise of the following:

	31 March 2019	31 March 2018
Cash at banks and on hand	2,118,960	2,185,570
Total	2,118,960	2,185,570

Short-term deposits are placed for varying periods, depending on the immediate cash requirements of the Group. They are recoverable on demand.

b) Restricted cash

Restricted cash represents deposits maturing between 3 and 12 months amounting to £23,030,599 (2018: £20,318,985) and maturing after 12 months amounting to £517,271 (2018: £4,966,140) which have been pledged by the Group in order to secure borrowing limits with banks. Restricted cash of £23,030,599 includes banks deposits of £12,627,381 (2018: £12,553,684), translated at closing FX rate, pledged during the previous year in favour of lenders of BVP (Note 7(c) and Note 24). In FY18, the Group has made full provision for fair valuation of deposits pledged to lenders of BVP.

21. 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 Group 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 Group.

The Company has issued 31,601,503 (2018: 4,799,742) shares during the year with respect to scrip dividend at par value of £0.000147 (2018: £0.000147) per share amounting to £4,646 (2018: £706). The difference between the fair value of shares issued above par value of £3,558,442 (2018: £1,248,331) with respect to scrip dividend was credited to share premium.

As at 31 March 2019, the Company has an authorised and issued share capital of 387,910,200 (2018: 356,308,697) equity shares at par value of £0.000147 (2018: £0.000147) per share amounting to £57,024 (2018: £52,378) in total.

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 benefits.

Foreign currency translation reserve is used to record the exchange differences arising from the translation of the financial statements of the foreign subsidiaries.

Other reserves represents the difference between the consideration paid and the adjustment to net assets on change of controlling interest, without change in control, other reserves also includes any costs related with share options granted and gain/losses on remeasurement of financial assets measured at fair value through other comprehensive income.

Retained earnings include all current and prior period results as disclosed in the consolidated statement of comprehensive income less dividend distribution.

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22. Share based payments

The Board has granted share options to Directors and nominees of Directors which are limited to 10% of the Group's share capital. Once granted, the share options must be exercised within 10 years of the date of grant otherwise the options would lapse.

The vesting conditions are as follows:

- the 300 MW power plant of Kutch in the state of Gujarat must have been in commercial operation for three months; and
- the closing share price being at least £1.00 for consecutive three business days.

The related expense has been amortised over the remaining estimated vesting period and an expense amounting to £Nil (2018: £Nil) was recognised in the profit or loss with a corresponding credit to other reserves.

Movements in the number of share options outstanding are as follows:

	31 March 2019	31 March 2018
At 1 April	22,024,234	23,274,234
Forfeited/cancelled	(250,000)	(1,250,000)
At 31 March	21,774,234	22,024,234

The fair value of options granted and the assumptions used under the Black-Scholes option pricing model are as follows:

	Granted in	
	2015	2011
Weighted average fair value of options granted	0.37	0.28
Exercise price	0.60	0.60
Weighted average share price	0.78	0.66
Volatility (%)	40.95%	31.34%
Annual risk free rate (%)	1.26%	3.00%
Expected option life (years)	5.36	4.96

23. Borrowings

The borrowings comprises the following:

	Interest rate (range %)	Final maturity	31 March 2019	31 March 2018
Borrowings at amortised cost	10.35-11.40	September 2023	80,364,930	93,465,947
Total			80,364,930	93,465,947

The term loans of £69.9m and working capital loans of £10.5m taken by the Group are fully secured by the property, plant and assets under construction and other current assets of subsidiaries which have availed such loans. All loans are personally guaranteed by Executive Chairman, Mr Arvind Gupta.

Term loans contain certain covenants stipulated by the facility providers and primarily require the Group to maintain specified levels of certain financial metrics and operating results. As of 31 March 2019, the Group has met all the relevant covenants.

The fair value of borrowings at 31 March 2019 was £80,364,930 (2018: £93,465,947). The fair values have been calculated by discounting cash flows at prevailing interest rates.

The borrowings are reconciled to the statement of financial position as follows:

	31 March 2019	31 March 2018
Current liabilities		
Amounts falling due within one year	28,869,722	23,829,415
Non-current liabilities		
Amounts falling due after 1 year but not more than 5 years	51,495,208	69,636,532
Total	80,364,930	93,465,947

24. Trade and other payables

	31 March 2019	31 March 2018
Current		
Trade payables	45,300,370	52,015,069
Creditors for capital goods	174,444	162,261
Other payables	–	154,092
Total	45,474,814	52,331,422
Non-current		
Security deposit from customers	14,085,854	4,813,303
Other payables	149,631	180,746
Total	14,235,485	4,994,049

Trade payables include credit availed from banks under letters of credit for payments in USD to suppliers for coal purchased by the Group. Other trade payables are normally settled on 45 days terms credit. The arrangements are interest bearing and are payable within one year. With the exception of security deposits from customers and certain other trade payables, all amounts are short term. Creditors for capital goods are non-interest bearing and are usually settled within a year. Other payables include accruals for gratuity and other accruals for expenses.

25. Related party transactions

Key management personnel

Name of the party	Nature of relationship
Arvind Gupta	Executive Chairman
Avantika Gupta (from November 2018)	Chief Operating Officer & Director
Dmitri Tsvetkov	Chief Financial Officer & Director
Jeremy Warner Allen	Deputy Chairman
Mike Grasby	Director
Ravi Gupta (resigned in May 2018)	Director
Jeremy Beeton	Director

Related parties with whom the Group had transactions during the period

Name of the party	Nature of relationship
Padma Shipping Limited	The company has joint control of the entity
Avanti Solar Energy Private Limited	Entity in which Key Management personnel has Control/Significant Influence (subsidiary from FY 19 Note 7(b))
Mayfair Renewable Energy Private Limited	Entity in which Key Management personnel has Control/Significant Influence (subsidiary from FY 19 Note 7(b))
Avanti Renewable Energy Private Limited	Entity in which Key Management personnel has Control/Significant Influence (subsidiary from FY 19 Note 7(b))
Brics Renewable Energy Private Limited	Entity in which Key Management personnel has Control/Significant Influence (subsidiary from FY 19 Note 7(b))
Avantika Gupta	Relative of Key Management Personnel (became Director on 27 November 2018)

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25. Related party transactions continued

Summary of transactions with related parties

Name of the party	31 March 2019	31 March 2018
Padma Shipping Limited (Note 7 (a))		
a) Investment	–	2,077,588
b) Advances	–	627,205
Avanti Solar Energy Private Limited (Note 7 (b))		
a) Investment	–	3,336,637
b) Sale of Solar power plant system	–	4,586,802
c) Advance	–	56,225
d) Interest income	–	–
Mayfair Renewable Energy Private Limited (Note 7 (b))		
a) Investment	–	3,595,419
b) Sale of Solar power plant system	–	4,024,349
c) Advance	–	87,154
d) Interest income	–	–
Avanti Renewable Energy Private Limited (Note 7 (b))		
a) Investment	–	3,369,673
b) Sale of Solar power plant system	–	4,822,458
c) Advance	–	56,284
d) Interest income	–	–
Brics Renewable Energy Private Limited (Note 7 (b))		
a) Investment	–	324,854
b) Sale of Solar power plant system	–	1,188,788
c) Advance	–	5,628
d) Interest income	–	–
Avantika Gupta		
a) Remuneration (up to 27 November 2018)	79,084	112,412

Summary of balance with related parties

Name of the party	Nature of balance	31 March 2019	31 March 2018
Padma Shipping Limited	Investment	**3,438,682**	3,485,837
Padma Shipping Limited	Advances	**1,727,418**	1,727,418
Padma Shipping Limited	Impairment provision	**(4,247,668)**	(3,247,668)
Avanti Solar Energy Private Limited	Investment	–	3,461,059
Avanti Solar Energy Private Limited	Trade receivable	–	583,750
Avanti Solar Energy Private Limited	Advance	–	56,225
Mayfair Renewable Energy Private Limited	Investment	–	3,719,841
Mayfair Renewable Energy Private Limited	Trade payable	–	(236,467)
Mayfair Renewable Energy Private Limited	Advance	–	87,154
Avanti Renewable Energy Private Limited	Investment	–	3,494,095
Avanti Renewable Energy Private Limited	Trade payable	–	185,569
Avanti Renewable Energy Private Limited	Advance	–	56,284
Brics Renewable Energy Private Limited	Investment	–	362,664
Brics Renewable Energy Private Limited	Trade payable	–	1,238,446
Brics Renewable Energy Private Limited	Advance	–	5,628
Arvind Gupta	Land Lease Deposit	502,869	477,959

Outstanding balances at the year-end are unsecured. Related party transactions are on an arms length basis. There have been no guarantees provided or received for any related party receivables or payables except for corporate guarantees issued to lenders of its subsidiaries classified as Assets held for sale of £32,132,255 (2018: £31,944,720). For the year ended 31 March 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties £Nil (2018: £Nil). However, the Group has made impairment provision for investments in joint venture of £1,000,000 (2018: £3,247,668) (Note 7(a)). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

All loans are personally guaranteed by Executive Chairman, Mr Arvind Gupta. In addition to this, Executive Chairman Mr Arvind Gupta personally guaranteed £10,360,066 (2018: £10,885,365) of loans of a subsidiary which is classified as Assets held for sale.

26. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company as the numerator (no adjustments to profit were necessary for the year ended March 2019 or 2018).

The company has issued options over ordinary shares which could potentially dilute basic earnings per share in the future. There is no difference between basic earnings per share and diluted earnings per share as the potential ordinary shares are anti-dilutive.

The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share (for the Group and the Company) as follows:

Particulars	31 March 2019	31 March 2018
Weighted average number of shares used in basic earnings per share	367,650,606	353,108,869
Shares deemed to be issued for no consideration in respect of share based payments	–	–
Weighted average number of shares used in diluted earnings per share	367,650,606	353,108,869

27. Directors' remuneration

	31 March 2019	31 March 2018
Arvind Gupta	500,000	750,000
Avantika Gupta (became Director on 27 November 2018)	64,691	–
Dmitri Tsvetkov	288,000	290,000
Jeremy Warner Allen	50,000	22,500
V Narayan Swami	–	224,824
Martin Gatto	–	33,750
Mike Grasby	45,000	45,000
Ravi Gupta	–	22,500
Jeremy Beeton	45,000	45,000
Total	992,691	1,433,574

The above remuneration is in the nature of short-term employee benefits. As the future liability for gratuity and compensated absences is provided on an actuarial basis for the companies in the Group, the amount pertaining to the Directors is not individually ascertainable and therefore not included above.

28. Commitments and contingencies

Operating lease commitments

The Group leases office premises under operating leases. The leases typically run for a period up to five years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

Non-cancellable operating lease rentals are payable as follows:

	31 March 2019	31 March 2018
Not later than 1 year	46,095	44,771
Later than 1 year and not later than 5 years	64,254	117,898
Total	110,349	162,669

During the year ended 31 March 2019, £41,301 (2018: £43,226) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

Capital commitments

During the year ended 31 March 2019, in respect of its interest in joint ventures the Group is committed to incur capital expenditure of $Nil (2018: $2,800,000) i.e. approximately £Nil (2018: £2,000,000) of its share of interest (Note 5(d)(ii)).

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28. Commitments and contingencies

Contingent liabilities

Disputed income tax demand £1,056,154 (2018: £549,789).

Future cash flows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities.

Guarantees and letter of credit

The Group has provided bank guarantees ('BGs') and letter of credits ('LCs') to customers and vendors in the normal course of business. The LCs provided as at 31 March 2019: £32,373,664 (2018: £44,901,443) and BGs as at 31 March 2019: £6,457,430 (2018: £10,168,184). LCs are supporting accounts payables already recognised in the statement of financial position. There have been no guarantees provided or received for any related party receivables or payables except for corporate guarantees issued to lenders of its subsidiaries classified as Assets held for sale of £32,132,255 (2018: £31,944,720). BGs are treated as contingent liabilities until such time it becomes probable that the Company will be required to make a payment under the guarantee.

29. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables, and other current liabilities. 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 holds investments designated financial assets measured at FVPL categories.

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 advises on financial risks and the appropriate financial risk governance framework for the Group.

The Board of 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, and financial assets measured at FVPL.

The sensitivity analyses in the following sections relate to the position as at 31 March 2019 and 31 March 2018.

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

(i) The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the average rate of borrowings held during the year ended 31 March 2019, all other variables being held constant. These changes are considered to be reasonably possible based on observation of current market conditions.

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 average interest rates.

At 31 March 2019 and 31 March 2018, the Group had no interest rate derivatives.

The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. If interest rates increase or decrease by 100 basis points with all other variables being constant, the Group's profit after tax for the year ended 31 March 2019 would decrease or increase by £803,649 (2018: £934,659).

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 Group's presentation currency is the GBP. A 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.

29. Financial risk management objectives and policies continued

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:

	As at 31 March 2019		As at 31 March 2018	
Currency	Financial assets	Financial liabilities	Financial assets	Financial liabilities
United States Dollar ('USD')	8,242,631	39,040,874	3,711,568	62,663,286

Set out below is the impact of a 10% change in the US Dollar on profit arising as a result of the revaluation of the Group's foreign currency financial instruments:

	As at 31 March 2019		As at 31 March 2018	
Currency	Closing rate (INR/USD)	Effect of 10% strengthening in USD against INR – translated to GBP	Closing rate (INR/USD)	Effect of 10% strengthening in USD against INR – translated to GBP
United States Dollar ('USD')	69.32	2,681,169	65.07	3,840,174

The impact on total equity is the same as the impact on net earnings as disclosed above.

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 maximum exposure for credit risk at the reporting date is the carrying value of each class of financial assets amounting to £49,388,558 (2018: £33,761,251) and corporate guarantees issued to lenders of its subsidiaries classified as Assets held for sale of £32,132,255 (2018: £31,944,720).

The Group has exposure to credit risk from accounts receivable balances on sale of electricity. The operating entities of the Group have entered into power purchase agreements with transmission companies incorporated by the Indian state government ('TANGEDCO') to sell the electricity generated therefore the Group is committed to sell power to these customers and the potential risk of default is considered low. For other customers, 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 reputable 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 is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

To measure expected credit losses, trade and other receivables have been grouped together based on shared credit risk characteristics and the days past due. The Group determined that some trade receivables were credit impaired as these were long past their due date and there was an uncertainty about the recovery of such receivables. The expected loss rates are based on an ageing analysis performed on the receivables as well as historical loss rates. The historical loss rates are adjusted to reflect current and forward looking information that would impact the ability of the customer to pay. Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include amongst others, the failure of the debtor to engage in a repayment plan, the debtor is not operating any more and a failure to make contractual payments for a period of greater than 180 days.

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29. Financial risk management objectives and policies continued

31 March 2019	Within credit period	Days past due: More than 30 days	Days past due: More than 60 days	Days past due: More than 180 days	Total
Expected loss rate	0%	0%	0%	19.07%	
Gross carrying amount – trade receivables – TANGEDCO	4,616,792	2,120,998	6,657,543	2,633,639	16,028,972
Gross carrying amount – trade receivables – Others	22,093,386	2,169,134	7,034,955	2,933,211	34,230,686
Loss allowance	–	–	–	1,061,553	1,061,553

31 March 2018	Within credit period	Days past due: More than 30 days	Days past due: More than 60 days	Days past due: More than 180 days	Total
Expected loss rate	0%	0%	0%	2.89%	
Gross carrying amount – trade receivables – TANGEDCO	2,198,815	2,779,985	1,576,236	4,667,336	11,222,372
Gross carrying amount – trade receivables – Others	11,373,774	944,101	5,703,860	4,722,554	22,744,289
Loss allowance	–	–	–	271,116	271,116

The closing loss allowances for trade receivables as at 31 March 2019 reconcile to the opening loss allowances as follows:

	31 March 2019	31 March 2018
Opening loss allowance as at 1 April	(271,116)	(1,177,967)
Increase in loss allowance recognised in profit or (loss) during the year for new receivables recognised	(790,437)	(271,116)
Receivables written off during the year as uncollectable	–	–
Adjustment on account of deconsolidation	–	1,177,967
Total	(1,061,553)	(271,116)

The Group's management believes that all the financial assets, except as mentioned above, 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 maintains cash and marketable securities to meet its liquidity requirements for up to 60 day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

29. Financial risk management objectives and policies continued

The following is an analysis of the Group contractual undiscounted cash flows payable under financial liabilities at 31 March 2019 and 31 March 2018:

As at 31 March 2019	Current within 12 months	1-5 years	Non-current later than 5 years	Total
Borrowings	28,869,722	51,495,208	–	80,364,930
Interest on borrowings	8,507,484	17,059,422	–	25,566,906
Trade and other payables	45,474,814	14,235,485	–	59,710,299
Provision for pledged deposits	–	12,627,381	–	12,627,381
Liabilities held for sale	33,601,291	–	–	33,601,291
Other current liabilities	91,764	–	–	91,764
Total	116,545,075	95,417,496	–	211,962,571

As at 31 March 2018	Current within 12 months	1-5 years	Non-current later than 5 years	Total
Borrowings	23,829,415	69,636,532	–	93,465,947
Interest on borrowings	10,532,258	25,372,157	–	35,904,415
Trade and other payables	52,331,422	17,547,733	–	69,879,155
Other current liabilities	810,705	–	–	810,705
Total	87,503,800	112,556,422	–	200,060,222

Capital management

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

The Group's capital management objectives include, among others:

- to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value;
- to ensure Group's ability to meet both its long-term and short-term capital needs as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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 years ended 31 March 2019 and 31 March 2018.

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. There are no imposed capital requirements on the Group or entities, whether statutory or otherwise.

The capital for the reporting periods under review is summarised as follows:

	31 March 2019	31 March 2018
Total equity	154,383,407	139,130,424
Less: Cash and cash equivalents	(2,118,960)	(2,185,570)
Capital	152,264,447	136,944,854
Total equity	154,383,407	139,130,424
Add: Borrowings (including buyer's credit)	80,364,930	93,465,947
Overall financing	234,748,337	232,596,371
Capital to overall financing ratio	0.65	0.59

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30. Summary of financial assets and liabilities by category and their fair values

	Carrying amount		Fair value	
	March 2019	March 2018	**March 2019**	March 2018
Financial assets				
Debt instruments measured at amortised cost				
– Cash and cash equivalents [1]	**2,118,960**	2,185,570	**2,118,960**	2,185,570
– Restricted cash [1]	**23,547,870**	25,285,125	**23,547,870**	25,285,125
– Current trade receivables [1]	**49,198,105**	33,695,545	**49,198,105**	33,695,545
– Other long-term assets	**518,553**	3,000,333	**518,553**	3,000,333
– Other short-term assets	**6,288,901**	9,349,265	**6,288,901**	9,349,265
– Assets held for sale	**3,136,938**	–	**3,136,938**	–
Financial instruments measured at fair value through profit or loss				
– Other short-term assets – (Note 7(c))	**40,453**	65,706	**40,453**	65,706
Investments in associates measured at cost (Note 7(b))	**–**	11,219,378	**–**	11,219,378
	84,849,780	84,800,922	**84,849,780**	84,800,922
Financial liabilities				
Term loans	**80,364,930**	93,465,947	**80,364,930**	93,465,947
Current trade and other payables [1]	**45,474,814**	52,331,422	**45,474,814**	52,331,422
Provision for pledged deposits	**12,627,381**	12,553,684	**12,627,381**	12,553,684
Liabilities held for sale	**35,267,786**	–	**35,267,786**	–
Non-current trade and other payables [2]	**14,235,485**	4,994,049	**14,235,485**	4,994,049
	187,970,396	163,345,102	**187,970,396**	163,345,102

The fair value of the financial assets and liabilities are included at the price that would be received to sell an asset or paid to transfer a liability (i.e. a exit price) in an ordinary transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

1. Cash and short-term deposits, trade receivables, trade payables, and other borrowings like short-term loans, current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

2. The fair value of loans from banks and other financial indebtedness, obligations under finance leases, financial liabilities at fair value through profit or loss as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.

3. Fair value of financial assets measured at FVPL held for trading purposes are derived from quoted market prices in active markets. Fair value of financial assets measured at FVPL of unquoted equity instruments are derived from valuation performed at the year end. Fair valuation of retained investments in PS and BVP is on the basis of the last transaction.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30. Summary of financial assets and liabilities by category and their fair values continued

Financial instruments measured at fair value through profit or loss

2019	Level 1	Level 2	Level 3	Total
Unquoted securities	–	–	40,453	40,453
Quoted securities	–	–	–	–
Total	–	–	40,453	40,453

2018	Level 1	Level 2	Level 3	Total
Unquoted securities	–	–	40,453	40,453
Quoted securities	25,253	–	–	25,253
Total	25,253	–	40,453	65,706

There were no transfers between Levels 1 and 2 in the period.

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the Chief Financial Officer.

Valuation processes and fair value changes are discussed by the Board of Directors at least every year, in line with the Group's reporting dates.

31. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

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DEFINITIONS AND GLOSSARY

ACC: Air-Cooled Condenser

Act: Isle of Man Companies Act 2006

Adjusted EBITDA: a measure of business cash generation from operations before depreciation, interest and exceptional and non-standard or non-operational charges.

AGM: Annual General Meeting

Board: Board of Directors of OPG Power Ventures Plc

bps: Basis points

BRICS: Brazil, Russia, India, China and South Africa

CAD: Current Account Deficit

CAGR: Compound Average Growth Rate

CEA: Central Electricity Authority

CO: Carbon Monoxide

Company or OPG or parent: OPG Power Ventures Plc

CPI: Consumer Price Index

CRISL: Credit Rating Information and Services Limited

Discom: Distribution Company (of the State Electricity Utility)

DM Plant: Demineralization Plant

EBITDA: Earnings before interest, tax, depreciation and amortisation

ECL: Expected Credit Loss

EHS: Environment, Health and Safety

Electricity Act: Indian Electricity Act 2003 as amended

EPS: Earnings per share

ESOP: Employee Stock Options

ESP: Electrostatic Precipitator

EVs: Electric Vehicles

ExCo: Executive Committee

FDI: Foreign Direct Investment

FICCI: Federation of Indian Chambers of Commerce and Industry

FVPL: Fair Value through Profit or Loss

FY: Financial year commencing from 1 April to 31 March

GCPP: Group Captive Power Plant

GDP: Gross Domestic Product

Gearing ratio: Net borrowings (i.e. total borrowings minus cash)/(equity plus borrowings)

GHG: Green House Gas

Government or GoI: Government of India

Great Britain Pound Sterling or £/pence: Pounds sterling or pence, the lawful currency of the UK

Group Captive: Group Captive power plant as defined under Electricity Act 2003, India

Group or OPG: the Company and its subsidiaries

GW: Gigawatt is 1,000 megawatts

HSE: Health, Safety and Environment

IAS: International Accounting Standards

IEA: International Energy Agency

IFRS: International Financial Reporting Standards

IMF: International Monetary Fund

Indian Companies Act: the Companies Act, 1956 and amendments thereto

JV: Joint Venture

kWh: Kilowatt hour is one unit of electricity

LOI: Letter of Intent

LSE: London Stock Exchange plc

LTIP: Long Term Incentive Plan

LTOA: Long Term Open Access

LTVT: Long Term Variable Tariff

MoU: Memorandum of Understanding

mt: Million tonnes

DEFINITIONS AND GLOSSARY
CONTINUED

MW: Megawatt is 1,000 kilowatts

MWh: Megawatt hour

Net borrowings: Total borrowings minus unrestricted cash

NITI Aayog: National Institution for Transforming India

Nox: Nitrogen Oxides

NPAs: Non-Performing Assets

O&M: Operating and Management

OHS: Occupational Health and Safety

PAT: Profit After Tax

PLF: Plant Load Factor

POPs: Persistent Organic Pollutants

PPA: Power Purchase Agreement

PSA: Power Supply Agreement

RBI: Reserve Bank of India

ROE: Return on Equity

Rupees/INR or Rs: Indian Rupee, the lawful currency of India

SEB: State Electricity Board

SEBI: Securities Exchange Board of India

Sox: Sulphur Oxides

SPM: Suspended Particulate Matter

SPV: Special Purpose Vehicle

State: State of India

STP: Sewage Treatment Plant

TANGEDCO: Tamil Nadu Generation and Distribution Corporation Limited

The Code: the UK Corporate Governance code, issued by the Financial Reporting Council

TRIR: Total Recordable Incident Report

UDAY: Ujwal DISCOM Assurance Yojana, the financial turnaround and revival package for DISCOMs initiated by the Government of India.

UK/United Kingdom: United Kingdom of Great Britain and Northern Ireland

US$/USD or $: US Dollars, the lawful currency of the US

WPI: Wholesale Price Index

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