

# OPG Power Ventures Plc

FY2021 Annual Report & Accounts



Continued focus on deleveraging and profitability  
& positioning for sustainable growth

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## Highlights

<b>Revenue</b>	
<b>(£m)</b>	
FY19	140.6
FY20	154.0
FY21	93.8

<b>Operating profit</b>	
<b>(£m)</b>	
FY19	29.2
FY20	24.0
FY21	27.5

<b>Adjusted EBITDA*</b>	
<b>(£m)</b>	
FY19	35.3
FY20	31.2
FY21	33.7

<b>Basic EPS</b>	
<b>(£ Pence)</b>	
FY19	3.81
FY20	2.11
FY21	3.52

<b>Profit Before tax</b>	
<b>(£m)</b>	
FY19	16.8
FY20	14.5
FY21	21.6

<b>Net Debt/ Adjusted EBITDA</b>	
<b>(£m)</b>	
FY19	2.2
FY20	1.7
FY21	0.5

- Revenue down 39.1% to £93.8m from £154.0. m in FY20 decreased as a result of COVID-19 induced nationwide lockdown
- Total generation (including deemed) of 2.1 billion units (FY20: 2.7 billion units)
- Adjusted EBITDA\* of £33.7 million (36.0% margin) compared with £31.2 million (20.2% margin) in FY20
- Profit before tax from continued operations was £21.6m compared with £14.5 million in FY20
- Basic earnings per share increased from 2.11 pence/share in FY20 to 3.52 pence/share in FY21
- Net debt\*\* reduced from £53.4m at 31 March 2020 to £16.2m at 31 March 2021
- Net debt to Adjusted EBITDA ratio reduced from 1.7 to 0.5 during FY21

\* See definition of Adjusted EBITDA on page 7

\*\* See definition of Net debt on page 9

## CHAIRMAN'S STATEMENT

### **Resilience, robust profitability and strong cash generation**

FY21 has been a year of extraordinary challenges. The unprecedented health crisis, caused by novel coronavirus, took an immense economic and human toll globally. At OPG, we responded immediately with a comprehensive COVID-19 response plan – putting in place health and safety measures to protect our employees, running our plant operations smoothly to ensure supply of electricity to our consumers, and providing essential support and assistance to our local communities in need. Yet, even in such critical circumstances, our Company has emerged stronger reporting solid set of financial results and paving pathways for accelerated and sustainable future growth.

Despite the disruption caused by COVID-19, OPG delivered very strong cash generation, robust profitability and achieved a significant reduction in net debt during the year.

The plants' generation, including deemed generation, during FY21 was 2.1 billion units which is a 22.4 per cent reduction in generation in comparison with FY20 primarily due to the COVID-19 induced nationwide lockdown in India, with average Plant Load Factor ("PLF") at 58 per cent (FY20: 75 per cent). During FY21 average realised tariff was Rs5.52 (FY20: Rs5.67).

In FY21, the Group's revenue was ₹93.8 million (FY20: ₹154.0 million) and Adjusted EBITDA was ₹33.7 million (FY20: ₹31.2 million). Profit from continuing operations was ₹13.1 million (FY20: ₹10.2 million) and profit for the year was ₹14.1 million (FY20: ₹8.0 million).

We are proud to report that OPG was comfortably in line with FY21 market expectations despite unfavourable market conditions.

### **Creating shareholder value through deleveraging**

In 2018, the Board took the decision to focus on our profitable, long-life assets in Chennai, and to prioritise deleveraging as a method to grow shareholders' equity. This strategy, we

believe, will deliver value to shareholders with free cash flows providing significant returns to our shareholders and opportunities to grow the business further.

Since the adoption of this strategy, additional shareholder value of 17.6p per share was accrued during last four years on account of term loan repayments.

During FY21 net debt reduced from ₹53.4 million to ₹16.2 million and net debt to Adjusted EBITDA ratio reduced from 1.7 to 0.5 demonstrating the robustness of OPG's financial position. The Company remains amongst the least leveraged power companies in India.

The Board remains convinced, especially in light of COVID-19 challenges, that our strategy of maintaining operational excellence and paying down expensive borrowings was the right one to pursue for all our stakeholders.

### **Maximising stakeholders' long-term value**

It is OPG's paramount objective to maximise stakeholders' long-term value. In light of disruptions and uncertainty caused by COVID-19 and extraordinary volatility in coal prices and freight this year, the Board believes that it is in the best interest of the Company and its stakeholders to conserve cash for the repayment of debt and growth ESG focused projects and to maintain a strong and resilient balance sheet to withstand turbulent times.

### **Building sustainable future**

Rapid growth in urbanisation, universal electrification, and a renewable energy transition driven by climate change, implies that India's incremental power needs will largely be met by renewable energy. Our business strategy is perfectly aligned with this, offering us an opportunity to unlock value for all our stakeholders in the years to come. OPG has developed its ESG strategy which, among other matters, includes objectives to reduce its carbon footprint. As part of this strategy, the Company is evaluating various options to increase its renewable energy asset base and to establish joint ventures to roll out various energy transition technologies. These initiatives will ensure that OPG delivers year-on-year improvements to reach the

Company's emissions reduction targets in the medium and longer-term.

We are happy to present our first-ever standalone FY21 ESG report which summarises the objectives, activities, and the performance of the Company from an ESG perspective to its stakeholders. This report includes examples of how we have demonstrated our commitments and applied our management approach on a range of ESG topics, including environmental stewardship, health & safety, relationship with local community, and governance.

### **Indian Economy and Power Sector Update**

In FY21, even amidst a relatively weaker macro-economic scenario, peak power demand hit an all-time high of 190 GW. The overall power demand in the country though weaker in the first half of the fiscal year due to COVID-19 induced disruption, saw a sharp recovery in the second half. India is the third largest producer and third largest consumer of electricity in the world with installed power capacity reaching 382.15 GW as of March 2021.

In June 2021, the World Bank's Global Economic Outlook projected India's FY22 economic growth forecast at 8.3 per cent, supported by plans for higher spending on infrastructure, rural development and health services and a stronger-than-expected recovery in services. During FY23 GDP growth is expected at a rate of 7.5 per cent.

During FY21, power consumption dipped by 1 per cent to 1,271.5 BU from 1,284.4 BU in FY20. The ICRA rating agency has estimated Indian electricity demand growth at 6.0 per cent for FY22 on a year-on-year basis, considering the favourable base effect, relatively lesser impact of the second COVID-19 wave on electricity demand and the pick-up in the vaccination programme.

Over the last several months the prices of thermal coal and freight have surged sharply primarily due to increased imports of coal and other goods by China and other Asian countries on the back of post COVID-19 economic recovery. Whilst OPG is partially covered from increases in prices with fixed price agreements for coal and freight, the

Company remains exposed to market fluctuations for the unhedged portion of coal consumption and freight. However, the Company is exploring various options including sourcing the coal from other geographies (including domestic sources) to reduce the per unit cost of electricity.

### **Outlook**

During the first six months of FY22 the prices of thermal coal and freight have surged sharply primarily due to increased imports of coal and other goods by China and other Asian countries on the back of post COVID-19 economic recovery. Coal prices may not reduce significantly in the short term.

While challenges to the economy will continue in FY22, the Company has strong foundations, allowing us both to manage the ongoing COVID-19 situation and to pursue growth sustainably. The Company's medium and long-term fundamentals remain unchanged with strong cash flows and a reduction in debt enabling the long-term profitable business model, responsible growth and sustainable returns to shareholders. We will also continue to focus on advancing our ESG agenda.

I would like to extend my gratitude to all our employees who overcame challenges posed by the pandemic, as well as vendors, banks and all stakeholders for the incredible support we have received during these unprecedented and extraordinary times.

**Arvind Gupta**  
**Chairman**

29 September 2021

## FINANCIAL REVIEW

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

<b>Income statement</b>				
	2021	% of	2020	% of
Year ended 31 March	£m	revenue	£m	revenue
<b>Revenue</b>	<b>93.8</b>		<b>154.0</b>	
Cost of revenue (excluding depreciation)	(56.9)		(90.1)	
<b>Gross profit</b>	<b>36.9</b>	<b>39.4</b>	<b>64.0</b>	<b>41.5</b>
Other operating income	9.4		-	
Other income	1.9		0.7	
Distribution, general and administrative Expenses, expected credit loss (excluding depreciation)	(14.5)		(33.5)	
<b>Adjusted EBITDA</b>	<b>33.7</b>	<b>36.0</b>	<b>31.2</b>	<b>20.2</b>
Share based compensation	(0.5)		(0.8)	
Depreciation and amortisation	(5.7)		(6.3)	
Net finance costs	(5.9)		(9.5)	
<b>Profit before tax from continuing operations</b>	<b>21.6</b>	<b>23.0</b>	<b>14.5</b>	<b>9.4</b>
Taxation	(8.4)		(4.3)	
<b>Profit after tax from continuing operations</b>	<b>13.1</b>	<b>14.0</b>	<b>10.2</b>	<b>6.6</b>
Profit/(loss) from discontinued operations, incl. Non-Controlling Interest	1.0		(2.1)	
<b>Profit for the year</b>	<b>14.1</b>		<b>8.0</b>	

Note: Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

### Revenue

Even though the Group's revenue has decreased by £60.2 million (a 39.1% decline) year on year as a result of COVID-19 induced nationwide lockdown imposed by the Indian Government, Adjusted EBITDA has increased by £2.5 million (8.2% growth) primarily due to collection of contractual claims payments from its customers under power purchase agreements amounting to £9.4 million. These contractual claims were accumulated over several years and recognised in Other operating income.

The average tariff realised during FY21 was Rs5.72 per kWh. Generation exported to captive power shareholders and other customers and billed for revenue, including deemed generation, was 2.1 billion units during FY21. The reduction in generation in comparison with generation in FY20 is due to the impact of fall in demand for power caused by COVID-19 induced nationwide lockdown.

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

	FY21	FY20
Total generation, incl. "deemed" generation (million units)	2,107	2,716
Plant Load Factor (PLF) (%) <sup>1</sup>	58	75
Average tariff (INR/unit) <sup>2</sup>	5.72	5.86

<sup>1</sup> Unit 3: "Deemed" PLF (%) has been included

<sup>2</sup> Average tariff includes effect of deemed offtake tariff for Unit 3. Average FY21 tariff excluding effect of deemed offtake was Rs5.52 (FY20: Rs5.67).

### Gross profit

Gross profit ('GP') in FY21 was 39.4% of revenue (FY20: 41.5%). The decrease in GP is primarily on account of disruption caused in the economy by the nationwide lockdown induced by COVID-19.



The cost of revenue represents fuel costs. The table below shows average price of coal consumed in FY21 and FY20.

#### Average price of coal consumed

Financial year	Average factory gate price (INR/mt)	Average factory gate price (INR / mKCal)
<b>FY21</b>	4,127	991
<b>FY20</b>	4,305	1,028
<b>Change % FY20 to FY21</b>	(4.1)	(3.6)

#### 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 charges, e.g. share based compensation, etc. 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 £33.7 million in FY21 compared with £31.2 million in FY20 and the adjusted EBITDA margin was higher at 36.0% in FY21 against 20.2% in FY20 primarily as a result of collection of contractual claims accumulated over several years as mentioned above.

Profit from continuing operations before tax was £21.6 million compared with £14.5 million in FY20.

Profit before tax reconciliation ('PBT') (£m)	FY 21
PBT 2020-21	21.6
PBT 2019-20	14.5
<b>Increase in PBT</b>	<b>7.1</b>
Decrease in GP	(27.0)
Increase in Other Operating Income	9.4
Increase in Other Income	1.3
Decrease in Distribution, General & Administrative Expenses, Expected Credit Loss <sup>1</sup>	19.2
Decrease in Net Finance Costs	3.6
Decrease in Depreciation and Amortisation	0.6
<b>Increase in PBT</b>	<b>7.1</b>

<sup>1</sup> PBT 2019-20 includes provision for expected credit loss of £17.0 million

#### 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 £8.4 million comprised of current tax expense of £0.4 million and deferred tax expense of £8.0 million.

#### Profits after tax from continuing operations

Profits after tax from continuing operations have increased by 28.8% in FY21 to £13.1 million primarily due to collection of contractual claims payments offset by a significant provision for expected credit loss in FY20.

## **Assets held for sale and loss from discontinued operations**

### **62MW Karnataka solar projects**

In FY18, four Karnataka solar projects (62MW) were commissioned. The Group has a 31% equity interest in these projects.

During FY19, the Company obtained a right to exercise an option to buy an additional 30% equity interest in solar companies. Effective from FY20 this right was assigned to a third party and from FY21 the remaining related obligations and the results of the operations of solar companies are not consolidated in the Group's consolidated financial statements due to loss of control. As previously reported, after evaluation of all options, the Company decided that the most efficient way to maximise shareholders' value from the solar operations was to dispose of these interests in the solar companies and it is continuing the disposal process which met all conditions of IFRS 5 classifying the solar business as assets held for sale as at 31 March 2021. The completion of the disposal process was impacted by COVID-19.

Accordingly, the Group's funding of £16.4 million towards these projects is presented as assets held for sale in the Consolidated Statement of Financial Position as at 31 March 2021 and the gain from operations of £1.0 million is included in gain from discontinued operations in the Consolidated Statement of Comprehensive Income.

### **Earnings per Share (EPS)**

The Company's total reported EPS in FY21 increased to 3.52 pence from 2.11 pence.

### **Dividend policy**

It is OPG's paramount objective to maximise stakeholders' long-term value. In light of disruptions and uncertainty caused by COVID-19 and extraordinary volatility in coal prices and freight this year, the Board believes that it is in the best interests of the Company and its stakeholders to conserve cash for the repayment of debt, to fund growth in relation to ESG focused projects and to maintain a strong and resilient balance sheet to withstand the turbulent times. Therefore, the Board decided to not declare a dividend for FY21. The Board will revisit the Company's dividend policy once the impact of COVID-19 subsides and coal prices become less volatile.

### **Foreign exchange loss on translation**

The British Pound-to-Indian Rupee exchange rate decreased to a closing rate on 31 March 2021 of £1= INR 100.81 a rate of £1= INR 93.07 on 31 March 2020 thereby resulting in an exchange loss of £12.9 million on translating foreign operations included in Other comprehensive loss.

### **Property, plant and equipment**

The decrease in net book value of our property, plant and equipment of £19.8 million principally relates to depreciation and foreign exchange impact on account of translation offset by additions during the year.

### **Other non-current assets**

Other non-current assets (excluding property, plant and equipment & intangible assets) have increased by £7.7 million primarily due to increase in the non-current portion of restricted cash, representing investments in mutual funds maturing after twelve months of £8.2 million (2020: nil) allocated to debenture redemption fund earmarked towards redemption of non-convertible debentures scheduled during FY24 of £19.8 million.



### **Current assets**

Current assets have decreased by £28.8 million from £103.3 million to £74.5 million year on year primarily as a result of the following:

- Decrease in Assets held for sale by £29.9 million due to the presentation of a 31% investment in solar companies as an equity investment held for sale versus gross presentation of assets and liabilities held for sale in FY20;
- Decrease in trade receivables by £12.1 million as a result of strong collections from the Group's captive power shareholders and customers, including old receivable balances;
- Increase in other short-term assets by £11.5 million primarily due to increase in investments in mutual funds to £13.3 million included in other short-term assets;
- Increase in cash and bank balances (including restricted cash) by £5.5 million;
- Increase in inventory holdings by £0.7 million.

### **Liabilities**

Current liabilities have decreased by £60.7 million from £98.9 million to £38.2 million year on year primarily due to liabilities relating to assets held of sales, borrowings, and trade and other payable.

Non-current liabilities have increased by £16.7 million from £39.0 million to £55.7 million year on year primarily on account of the issuance of non-convertible debentures issued during the year to prepay term loans.

### **Financial position, debt, gearing and finance costs**

As of 31 March 2021, total borrowings were £46.6 million (31 March 2020: £56.8 million). The gearing ratio, net debt (i.e. total borrowings minus cash and current and non-current investments in mutual funds)/(equity plus net debt), was 9% (31 March 2020: 25%). The gearing ratio is a useful measure to identify the financial risk of a company.

Despite COVID-19 related challenges, the Company has continued to pay down the debt from internal accruals and issued Non-Convertible Debentures ("NCDs") of £19.8 million (Rs2.0 billion) to finance principal repayments of the Group's existing term loans to June 2022. The Group's NCDs are repayable in June 2023 and have an interest coupon of 9.85%. The issue of the NCDs had a material positive impact upon the Group's cash flow during the uncertain COVID-19 impacted period, through a significant deferment of principal payments and the NCDs' interest coupon being lower by c.1 per cent in comparison with the existing term loans interest rate.

During FY21 net debt (total borrowings minus cash and current and non-current investments in mutual funds) reduced from £53.4 million to £16.2 million and net debt to Adjusted EBITDA ratio reduced from 1.7 to 0.5 as a result of the repayment of term loans and working capital loans, foreign exchange impact of depreciation of INR against GBP and strong cash collections achieved during the year. This demonstrates the robustness of OPG's financial position. The Company remains amongst the least leveraged power companies in India.

Based on the term loans repayment schedule the Company is expected to be term loan free by FY25.

Finance costs have decreased by £4.7 million from £11.5 million in FY20 to £6.8 million in FY21 primarily due to the impact of decrease in foreign exchange losses and reduction in interest expenses following scheduled repayments of the term loans and the issuance of the NCDs.

Finance income decreased from £2.0 million in FY20 to £0.9 million in FY21 and therefore net finance costs in FY21 amounted to £5.9 million (FY20: £9.5 million).

Current restricted cash representing deposits maturing between three to twelve months amounted to £3.2 million (31 March 2020: £7.5 million) which have been pledged as security for Letters of Credit.

Non-current restricted cash represents investments in mutual funds maturing after twelve months amounting to £8.2 million (31 March 2020: £0.03 million) allocated to the debenture redemption fund which is earmarked towards the redemption of non-convertible debentures scheduled during FY24 of £19.8 million.

### Cash flow

Cash flow from continuing operations before and after changes in working capital were £36.8 million (FY20: £48.2 million) and £40.2 million (FY20: £30.6 million) respectively. Net cash flow from operating activities increased from £30.6 million in FY20 to £40.2 million in FY21, an increase of £9.6 million, primarily due to collections of receivables and contractual claims relating to previous periods.

Movements (£m)	FY21	FY20
<b>Operating cash flows from continuing operations before changes in working capital</b>	<b>36.8</b>	<b>48.2</b>
Tax paid	(0.7)	(0.8)
Change in working capital assets and liabilities	4.1	(16.8)
<b>Net cash generated by operating activities from continuing operations</b>	<b>40.2</b>	<b>30.6</b>
Purchase of property, plant and equipment (net of disposals)	(0.5)	(0.6)
Investments (purchased)/sold, incl. in solar projects, shipping JV, market securities, movement in restricted cash and interest received <sup>1</sup>	(29.0)	3.5
<b>Net cash (used in)/from continuing investing activities</b>	<b>(29.5)</b>	<b>2.9</b>
Finance costs paid, incl. foreign exchange losses	(5.8)	(9.9)
Dividend paid	-	-
<b>Total cash change from continuing operations before net borrowings</b>	<b>4.9</b>	<b>23.6</b>

<sup>1</sup> Includes purchase of investments in mutual funds and other market securities of £21.5 million included in restricted cash and other short-term assets in the statement of financial position.

**Dmitri Tsvetkov**  
**Chief Financial Officer**  
 29 September 2021

## COO OPERATIONAL REVIEW

The following is a review of the Group's operations for the year.

### Plant availability and generation

Our operational performance is affected by our revenue generation model, plant availability, plant load factors and auxiliary power consumption. During the COVID-19 lockdown, the Company honoured all its commitments ensuring power generation and availability of the plant so that power supply to consumers remained uninterrupted. We were able to achieve this while following all safety guidelines, strict social distancing and minimising our workforce in our offices and plants. The credit for this goes to the dedication of our team members and to the development of robust O&M practices coupled with fuel and logistics management capabilities, which made this achievement possible.

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 adequate reserves of coal. This has been integral to coal availability and we have not 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 significantly 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.

Our load factors take account of plant availability as reduced by external factors like normal seasonal demand adjustments to their offtake under the Long Term Variable Tariff Agreement (LTVT) (though the customer still pays OPG as discussed further below), enforced system back downs and one-off disruptions to demand.

As a part of our responsibility and with the welfare of our hardworking teams, we have been following strict safety protocols, which were reinforced to address the challenges of the COVID-19 pandemic. The sudden impact of the pandemic has been drastic, not just on the day to day life of our employees but also on communities and society. We are confident that renewed lockdown measures and a greater adherence to civic discipline across all layers of society, coupled with increasing implementation of the vaccination programme, will gradually normalise the situation.

Total generation at our plant in FY21, including 'deemed' offtake, was 2.1 bn units (FY20: 2.7 bn units), the reduction in generation primarily being due to the COVID -19 induced nationwide lockdown in India. The plant load factor ('PLF') including 'deemed' offtake, in FY21 was 58% (FY20: 75%) versus a national average for thermal plants of 53.4%. In FY 22, the Company expects a higher load factor compared to FY21 after taking into account the second wave of the COVID-19 impact. Unlike the first wave where lockdowns were applied nationwide for several months, the second wave "micro-containment zone" measures are more localised, targeted and of shorter duration.

Auxiliary consumption levels are also a key measure of plant efficiency, and are typically between 7.5 – 8.5% for our units. The Company has instituted several measures and technical improvements to improve efficiency of the units.

### Sales contracts

During FY21, the Company continued supplying directly to captive power shareholders under short-term and multi-year contracts. This has accelerated cash collections and improved visibility of earnings. The capacity allocated for captive power plant was 334 MW, or 81% of the plant's installed capacity. 74 MW of capacity has remained available for supply on the LTVT to the Tamil Nadu State.

For FY22, due to post COVID-19 recovery, generation to captive power shareholders and the balance of 74 MW to the Tamil Nadu State under the LTVT is expected to be higher. As explained above, even after the effect of the second wave COVID-19 pandemic, the actual power offtake is expected to be higher than FY 21.

The plant realised an average tariff of Rs 5.52 in FY21 (FY20: Rs 5.67) and a 'deemed' offtake charge of Rs 1.50 per unit for 'deemed' generation. The difference between tariff and cost of coal on a per unit basis ('the Clean Dark Spread'), was Rs 2.16 for FY21 (FY20: Rs 2.35), which we believe continues to be amongst the best in the sector.

### **Coal supply and prices**

The Company has consistently been able to import low sulphur coal from reputed 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 FY21 and as such the Company benefited as prices softened during the year.

The average coal price was Rs 4,127 per tonne in FY21 which is lower than the average price for FY20 of Rs 4,305 per tonne. Independent forecasts predict international coal prices to increase substantially in FY 22 primarily due to increasing coal demand from China.

Current coal price and freight rates are increased significantly and volatile and international coal prices and freight rates are expected to remain at these higher levels till the end of CY 2022. The Company has implemented the different mix (high and low GCV) of coal for its use to minimise the increasing coal price. 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.

### **Safety and environmental compliance**

The Company made good progress with its safety programme, recording no fatalities and an industry leading Total Recordable Incident Report (TRIR) in FY21.

The Company continues to minimise its consumption of water through air cooling and we operate with a philosophy of continual improvement with regards to any effluent. On 1 April 2021, the Government of India (GoI) further extended the timeline for meeting emission norms for a majority of coal-based power plants in India, which are now allowed to comply with the emission norms by FY25. The revised timeline for each power plant will vary as per its location and the GoI's categorisation of their location. The Company is well placed to comply with the new standards applicable for Sox, Nox and SPM by completing some capital expenditure. The Company is evaluating various technologies with a view to being fully compliant to the revised emission norms.

### **Solar projects - 62 MW Karnataka (31% equity interest)**

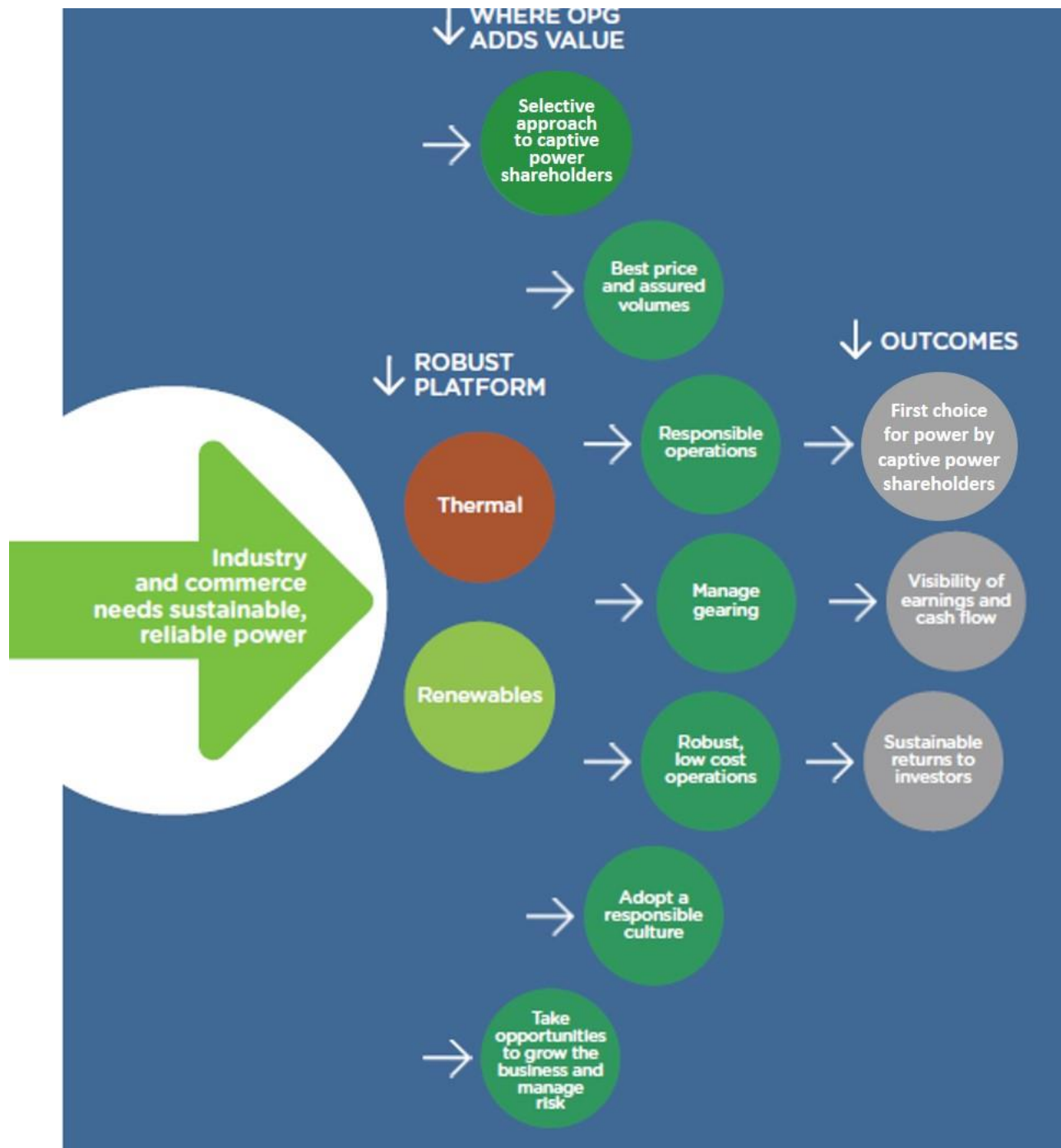
In FY17, the Company signed long-term 25 year PPAs for 62 MW with Karnataka State at an average tariff of Rs5.00 across the 4 sites. All the four plants are now operating and have achieved an annual average PLF of 19.2% in FY20 (FY20: 18.5%). Currently the projects are being paid a tariff of Rs4.36 per kWh as against the average PPA tariff of Rs 5.00.

**Avantika Gupta**

**Chief Operating Officer**

29 September 2021

## Business Model



## 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 captive power shareholders**

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.

**Maximising performance of existing power plants**

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 captive power shareholders.

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 captive power shareholders. 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.

**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.

**Deleveraging**

As of 31 March 2021, total borrowings were £46.6m. The gearing ratio (net borrowings/(equity plus net borrowings) was 9% (31 March 2020: 25%). During FY21 net debt (total borrowings minus cash and current and non-current investments in mutual funds) reduced from £53.4m to £16.2m and net debt to Adjusted EBITDA ratio reduced from 1.7 to 0.5 as a result of the repayment of term loans and working capital loans and foreign exchange impact. Based on term loans repayment schedule Chennai plant will be debt free by FY25.

### **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.

### **Dividends**

In light of disruptions and uncertainty caused by COVID-19 and extraordinary volatility in coal prices and freight this year, the Board believes that it is in the best interests of the Company and its stakeholders to conserve cash for the repayment of debt, to fund growth in relation to ESG focused projects and to maintain a strong and resilient balance sheet to withstand the turbulent times. Therefore, the Board decided to not declare a dividend for FY21. The Board will revisit the Company's dividend policy once the impact of COVID-19 subsidies and coal prices become less volatile.

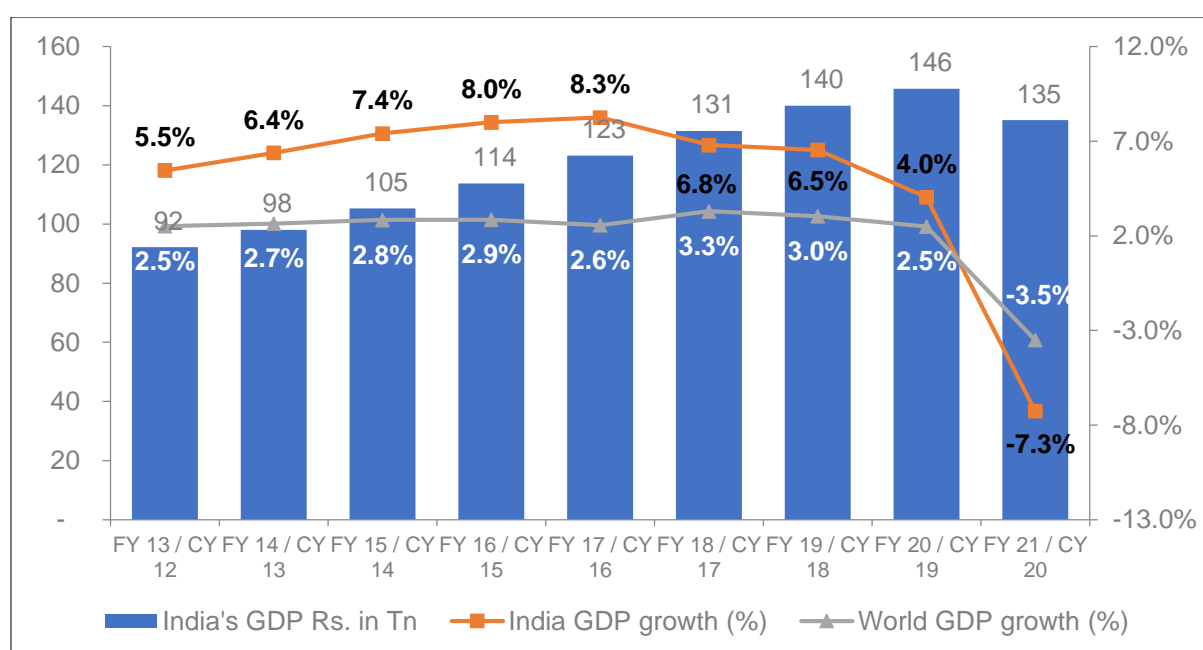


## MARKET REVIEW

### Global Economy:

As per the World Bank, Global Economic Prospects (GEP) report, during CY2020, global GDP growth contracted by 3.5% in comparison with increased growth of 2.5 per cent a year earlier. This contraction was caused by the COVID-19 pandemic. COVID-19 caused a global recession whose depth was surpassed only by the two World Wars and the Great Depression over the past century and a half. Although global economic activity is growing again, it is not likely to return to business as usual for the foreseeable future.

Following last year's collapse, the global economy is experiencing an exceptionally strong but uneven recovery. The global economy is set to expand 5.6 percent in CY2021—its strongest post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies. In many emerging market and developing economies (EMDEs), obstacles to vaccination continue to weigh on activity. In CY2022 global growth is projected at 4.3 percent.



Source: Central Statistics Office and World Bank

### Indian Economy

#### Key macroeconomic indicators:

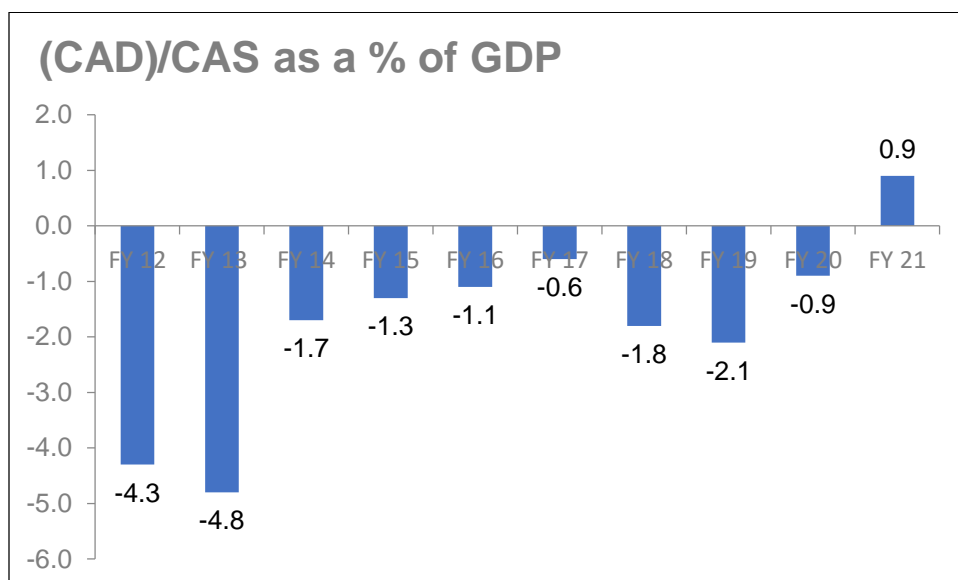
##### Gross Domestic Product ('GDP')

India's GDP increased from around Rs92 trillion in fiscal year 2013 to about Rs135 trillion in fiscal year 2021, which represented a compound annual growth rate ('CAGR') of 4.9%. Since FY2018, the Indian economy was negatively impacted. Declining growth of private consumption, minimal increase in fixed investment, muted exports and stress in the financial sector are the major reasons for slowdown.

As per World Bank GEP data, during FY21 Indian GDP growth contracted by 7.2% compared with FY20 GDP growth of 4.0%. This stress in GDP was primarily due to COVID-19 induced nationwide lockdown imposed by the Indian Government.

##### Current Account Deficit/Surplus ('CAD/CAS')

There was a current account surplus for first time in 17 years in FY21. After reaching CAD 0.9% of GDP during fiscal 2020, India's CAS has reaching 0.9% of GDP in fiscal 2021. This is largely caused by a contraction in India's trade deficit, which narrowed due to the COVID-19 pandemic and was also impacted by a related drop in domestic economic activity.



Source: RBI

### *Inflation*

Based on RBI macroeconomic indicators, June 2021, Inflation is expected to remain moderate and the Wholesale Price Index ('WPI') based inflation rate is projected at mean 8% in 2021-22, with a minimum and maximum range of 3.9% and 10.7%, respectively. While, the Consumer Price Index ('CPI') based inflation has a mean forecast of 4.9% for 2021-22, with a minimum and maximum range of 4.5% and 5.5%, respectively.

### **COVID-19 Pandemic Impact:**

India faced a severe second wave of COVID-19 infections starting in February 2021 which has resulted in economic slowdown. The number of infected cases peaked in the middle of May 2021. State governments had imposed varied restrictions to bring the situation under control. Unlike the first wave where lockdowns were applied nationwide for several months, in the second wave, "micro-containment zone" measures are more localised, targeted and of shorter duration. As the overall COVID-19 cases in India consistently decline, state governments are now unlocking and easing restrictions, in phases.

In June 2021, the World Bank's Global Economic Outlook projected FY22 economic growth forecast of India for 8.3%, supported by plans for higher spending on infrastructure, rural development and health and a stronger-than-expected recovery in services. During FY23, GDP growth is expected at 7.5%.

### **Government Initiatives:**

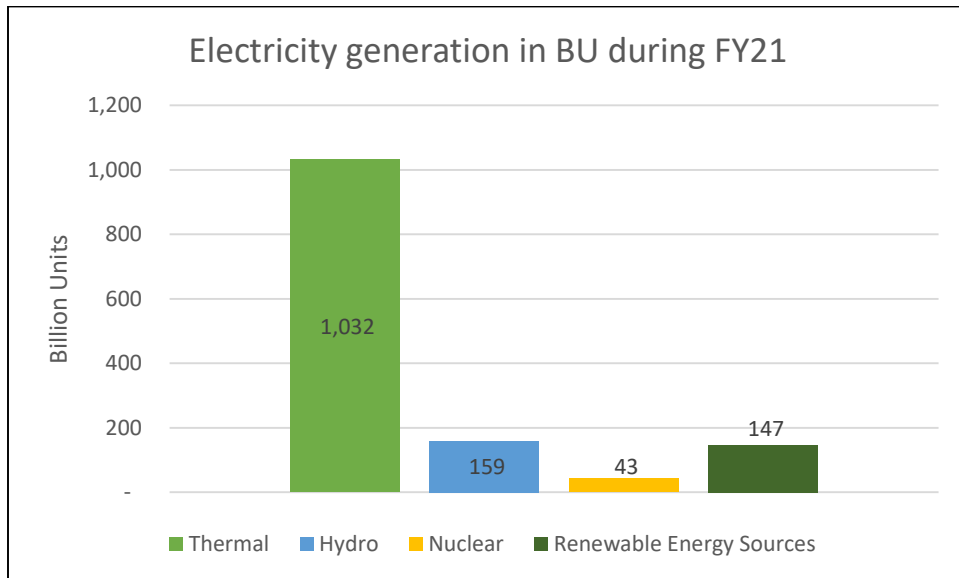
Indian economy is showing signs of revival from the impact of the COVID-19 second wave on the back of targeted fiscal relief, monetary policy measures, and a rapid vaccination drive.

Based on Monthly Economic Review, June 2021, a slew of measures to provide relief to diverse sectors affected by the second wave of COVID-19 were announced on 28<sup>th</sup> June 2021 by the Indian Government. A total of 17 measures amounting to \$88 billion (Rs6.29 trillion) were announced to prepare the health systems for emergency response and provide impetus for growth and employment.

### **Overview of the Indian power sector:**

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, the 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 the US with generation of 1,382 billion units in FY21 (1,389 billion units during FY20). Decrease in power demand growth was primarily due to overall weakness in economic activity induced by the impact of COVID-19 during FY21.



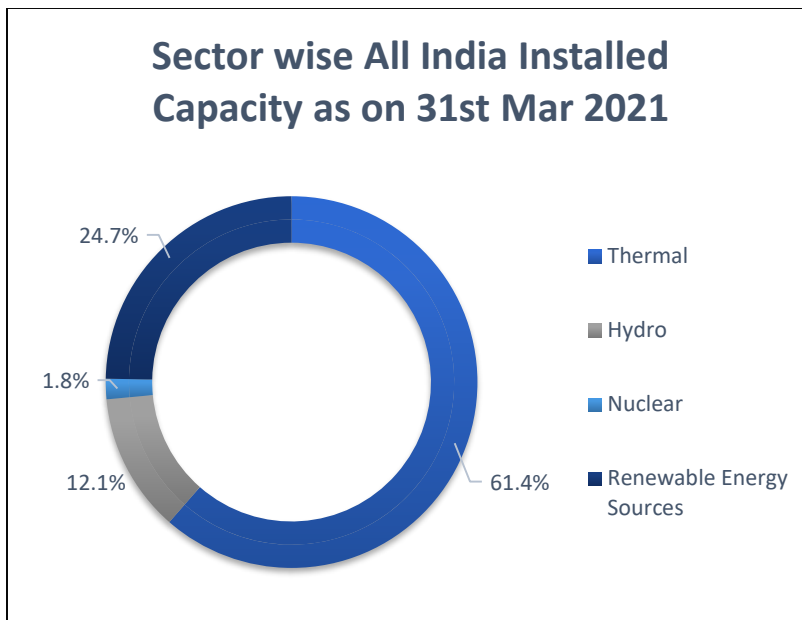
Source: CEA

India's per capita consumption however stands at about one-third of the world's average per capita electricity consumption. The per capita consumption in the UK is more than five times that of India. With electricity being a critical enabler for the economic growth of the country, the Government of India is committed to growth in power generation.

As at 31 March 2021, India total installed capacity was 382 GW. India's power sector is dominated by fossil fuels particularly coal producing almost two-third of the electricity (235 GW). Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, extensive additions to the installed generation capacity have been implemented.

With regard to energy generation, coal is expected to remain a significant fuel source in the country's quest to provide power to every citizen but this segment will experience limited growth. As per CEA data, against the target to add 10,591 MW of thermal power in 2020-21, only 4,926 MW was achieved.

Renewable energy is fast emerging as a major source of power in India. As at 31 March 2021 total installed Renewable Energy Source (RES) except large hydropower was 94 GW. New capacity addition during the year was 7.8 GW. The Government of India has set a target to achieve 175 GW installed capacity of renewable energy by FY22. Wind energy is estimated to contribute 60 GW, followed by 100 GW from solar power and 15 GW from biomass and hydropower.



Source: CEA

#### Policy Initiatives:

- In April 2021, the Ministry of Power (MoP) released the draft National Electricity Policy (NEP) 2021. The MoP has created an expert committee including members from state governments, the Ministry of New and Renewable Energy (MNRE), NITI Aayog and the Central Electricity Authority (CEA).
- The Union Budget 2021-22 has allocated US\$ 731.75 million (Rs53 billion) to the Integrated Power Development Scheme (IPDS) and \$ 497.03 million (Rs36 billion) towards the Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY).
- Under the Union Budget 2020-21, the Government has set a target of installing smart electricity meters in all households across the country by 2023.
- Under the Union Budget 2021-22, the Government has allocated \$41.4 million (Rs3 billion) to increase capacity of the Green Energy Corridor Project, along with \$151.9 million (Rs11 billion) for wind and \$327.2 million (Rs24 billion) for solar power projects.
- In October 2020, the Government announced a plan to set up an inter-ministerial committee under NITI Aayog to forefront research and study on energy modelling. This, along with a steering committee, will serve the India Energy Modelling Forum (IEMF) jointly launched by NITI Aayog and the United States Agency for International Development (USAID)

In the current decade (2020-2029), the Indian electricity sector is likely to witness a major transformation with respect to demand growth, energy mix and market operations, considering the expected pick-up in the GDP growth and the various macroeconomic reforms and measures taken by the Government – steady operational improvement for DISCOMS under Ujwal DISCOM Assurance Yojana (UDAY) scheme and electrification in the country is increasing with the help of schemes like The Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) scheme, ‘Power for all’ initiatives, Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) scheme and Integrated Power Development Scheme (IPDS).

#### Coal

India’s non-coking coal import in FY21 was 163.7 million tons (FY20: 196.7 million tons), this reduction is primarily due to COVID-19 disruption in industrial activity.

The Cabinet Committee on Economic Affairs (CCEA) has approved commercial coal mining for the private sector and the methodology of allocating coal mines via auction and allotment, thereby prioritising transparency, ease of doing business and ensuring the use of natural resources for national development.

(The below is an extract from our inaugural ESG Report. The full report is available on our website)

**Sustainability at OPG**

As a responsible organisation our goal is to meet the expectations of our stakeholders while continuing to contribute towards the sustainability of the planet and the well-being of the society. At OPG, we believe in efficient, sustainable, and responsible growth. Our objective is to comply with ever emerging emission standards, maintain technological leadership by employing new technologies and collaborating with our key stakeholder groups. In line with our vision, we regularly invest in supporting and developing local communities through initiatives that create a long-term positive impact on their lives. The COVID-19 pandemic has also sparked a renewed interest to respond to both environmental and societal challenges.

**Integrating sustainability in operations**

ESG topics have been at the top of our corporate agenda even before the COVID-19 pandemic, but in the current scenario the 2030 Agenda for Sustainable Development proposed by the United Nations seems more relevant than ever before.

The success of our business requires a more focused and cautious approach to all sustainability considerations, including our participation in the United Nations Sustainable Development Goals (SDGs), to address these issues in an inclusive way.

We are working towards revisiting our present sustainability agenda, to make it more comprehensive and aligned to the global targets. We believe the UN SDGs provide a tangible framework for us to align and prioritize our business activities. The energy sector, and in particular, the private sector, has a pivotal role to play in the achievement of sustainable development goals. Our approach is to utilise the expertise we have achieved over the years to make the most of the opportunities identified. We monitor and report our sustainability performance as part of our annual report. We refer to some of the global reporting frameworks like the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and Financial Times Stock Exchange (FTSE) to improve our overall report.

**Our contribution to Sustainable Development Goals**



**Our ESG strategy- Creating long term impact by optimising resources**

A strategy can be understood as a framework for channeling limited resources at our disposal such as time, manpower and funding towards achieving certain prioritised set of goals. Our ESG strategy is no different. We wish to direct our resources towards addressing issues where we can create the maximum impact in the long term. We carried out a peer analysis to identify topics that are of the utmost importance

to our industry/ sector. These identified topics will assist us in shaping our overall ESG strategy.

Our ESG strategy will focus on the top-priority issues where we want to create the most impact over the long term. It would be an effective framework that would explain how we as an organization plan on addressing the identified issues. Our strategy would include goals/ targets/ ambitions around the identified issues. These targets would be ambitious, measurable and time bound. Our aim would be to provide longer-term stretch goals with interim targets embedded into them.

With a keen focus on the sustainability trends and based on the impacts that our activities have on our stakeholders and the risks and opportunities presented by these trends, we will be formulating our ESG strategy. Our approach to mitigating these impacts will be based on the Precautionary Principle. The strategy would also cover activities/ initiative that we would be undertaking to achieve the set goals and targets.

We realise that developing a future fit ESG strategy involves anticipating how the (material) issues might change over time. New issues might come into focus while others may fade away. No business can predict all the issues that it will be expected to address over the next decade. Owing to this constantly changing environment we commit to reviewing, refreshing, and updating our ESG strategy periodically to remain environmentally conscious and nimble.

#### **Engaging with our Stakeholders**

We engage with stakeholders frequently through various modes of engagement to understand their concerns and use their inputs for decision-making in our business. Engaging with stakeholders and responding to their expectations and concerns helps us identify the critical business issues. We have identified stakeholder groups relevant to our business, based on their position in our value chain. *We were not able to carry out stakeholder engagement specifically for this ESG report due to COVID-19 related constraints.* The table below summarises the engagement modes, key concerns, our response, and frequency of engagement during the reporting period.

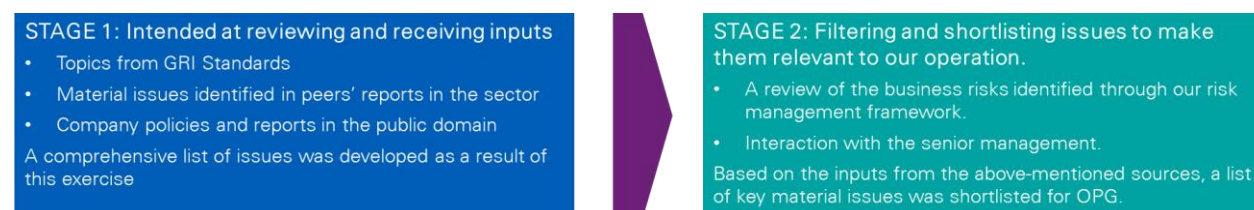


Table 1: List of identified stakeholders and engagement details

Engagement methods	Concerns raised	OPG's response	Engagement frequency
<b>Employees</b>			
Direct interaction, emails, and correspondence, events, employee grievance mechanisms and management meetings	Health and safety, energy efficiency, training & development	Initiatives taken to improve work environment, health and safety, energy-efficiency, and employee capacity building measures	Regular and time specific engagement
<b>Contractual workforce</b>			
Direct Interactions, Training sessions, open forums, toolbox talks, Events	Occupational health and safety, training, and skill development	Actions taken to improve Health and safety, work environment, skill development and training, promotional events, and a grievance redressal mechanism	Regular and time specific engagement
<b>Local communities</b>			
Direct interaction with CSR project beneficiaries and community-based organizations	Education, infrastructure, community healthcare, vocational skill development, support during natural calamities	Education programs support through PTA; community health programs; skill development programs, Provisions given during natural calamities	Regular as well as need-based engagement
<b>Government/ Regulators</b>			
Response to information sought, Timely filing of reports, Regulatory audits, and inspections. Visits by regulatory bodies and meeting with officials	Compliance with applicable laws, taxes, Verification audits and CSR implementation	Timely compliance of all statutory requirements, payment of taxes & levies, submission of reports and other related information, and CSR initiatives	Regular as well as time bound engagement
<b>Investors</b>			
Investor meets, AGMs, meeting with bankers and other financial institutions, and periodic declaration of results	The Company's performance, growth opportunities	Prudent financial management system and reporting	Bi-annual basis and need-based engagement
<b>Customers</b>			
Direct communication with existing and new customers through binding agreements such as PPAs.	Plant availability, transmission availability, forced outages	Power generation planning and scheduling	Regular and need based engagement
<b>Vendors (Suppliers &amp; Contractors)</b>			
On-boarding process, annual supplier meets, supplier site visits	Timelines for payments	Timely clearance of payments due to supplier	Regular engagement



## Prioritizing material ESG topics

For us, material issues are those that are of high concern to the business and stakeholders and can impact our value drivers such as operational efficiency, and our brand. We adopt a structured approach and methodology to identify and prioritize material issues.



This assessment led to the identification of specific issues in the short-, medium- and long-term strategic areas, as well as site-specific operational challenges. The topics identified for our business are provided below:

### List of material topics with boundary classification:

Topics	Alignment with SDGs	Topic Boundary
GHG Emissions	 	Within and outside OPG
Non- GHG Emission	 	Within and outside OPG
Water management	 	Within and outside OPG
Waste management (fly ash, bottom ash)		Within and outside OPG
Biodiversity		Outside OPG
Occupational health & safety	 	Within OPG
Training & development		Within OPG
Community engagement & development	   	Within and outside OPG

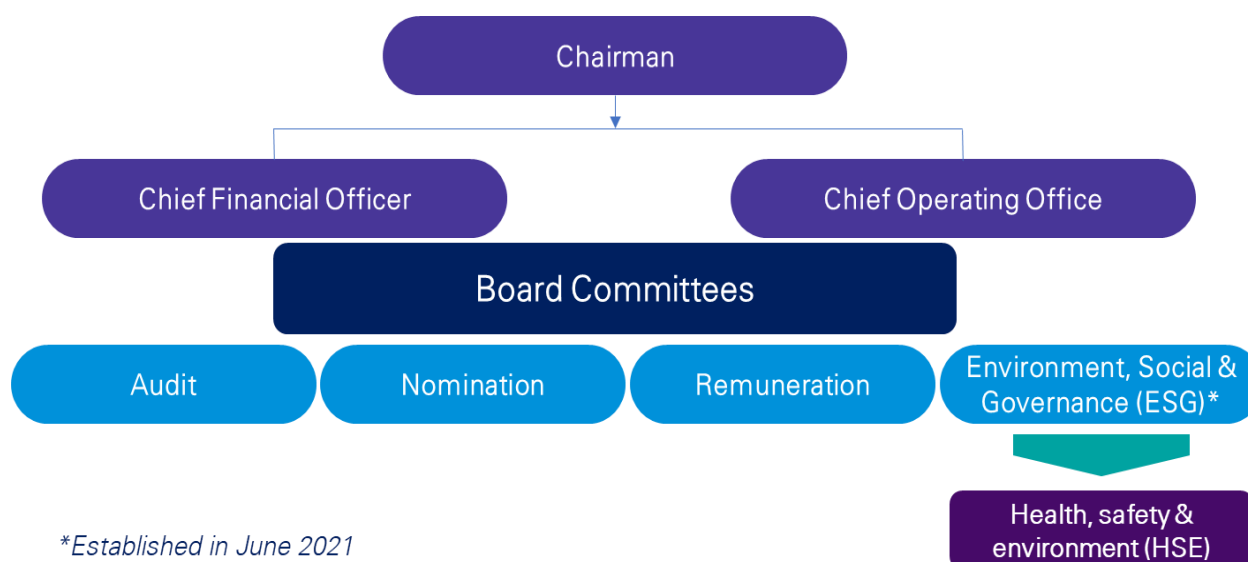
## Corporate Governance

The Company is committed to high standards of corporate governance and places good governance at the heart of the business. In March 2020, the Board of the Company formally adopted the **Quoted Companies**

**Alliance’s (“QCA”) Corporate Governance Code** (“the Code”) in line with requirements of the AIM Rules for Companies. The Board believes that the Code provides the Company with a rigorous Corporate Governance framework to support the business and its success in the long-term. The Code sets out **ten Corporate Governance principles** which are as listed below:

- |  |  |
|--|--|
| <p><b>1</b> Establish a strategy and business model which promotes long-term value for shareholders</p>                  | <p><b>6</b> Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities</p>                             |
| <p><b>2</b> Seek to understand and meet shareholder needs and expectations</p>   | <p><b>7</b> Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</p>                                    |
| <p><b>3</b> Consider wider stakeholder and social responsibilities and other implications for long-term success</p>      | <p><b>8</b> Promote a corporate culture that is based on ethical values and behavior</p>   |
| <p><b>4</b> Embed effective risk management, considering both opportunities and threats, throughout the organization</p> | <p><b>9</b> Maintain governance structures and processes that are fit for purpose and support good decision making by the board</p>                  |
| <p><b>5</b> Maintain the board as a well-functioning, balanced team led by the chair</p>                                 | <p><b>10</b> Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p> |

Our overall Corporate Governance structure (OPGPV) is as shown below:

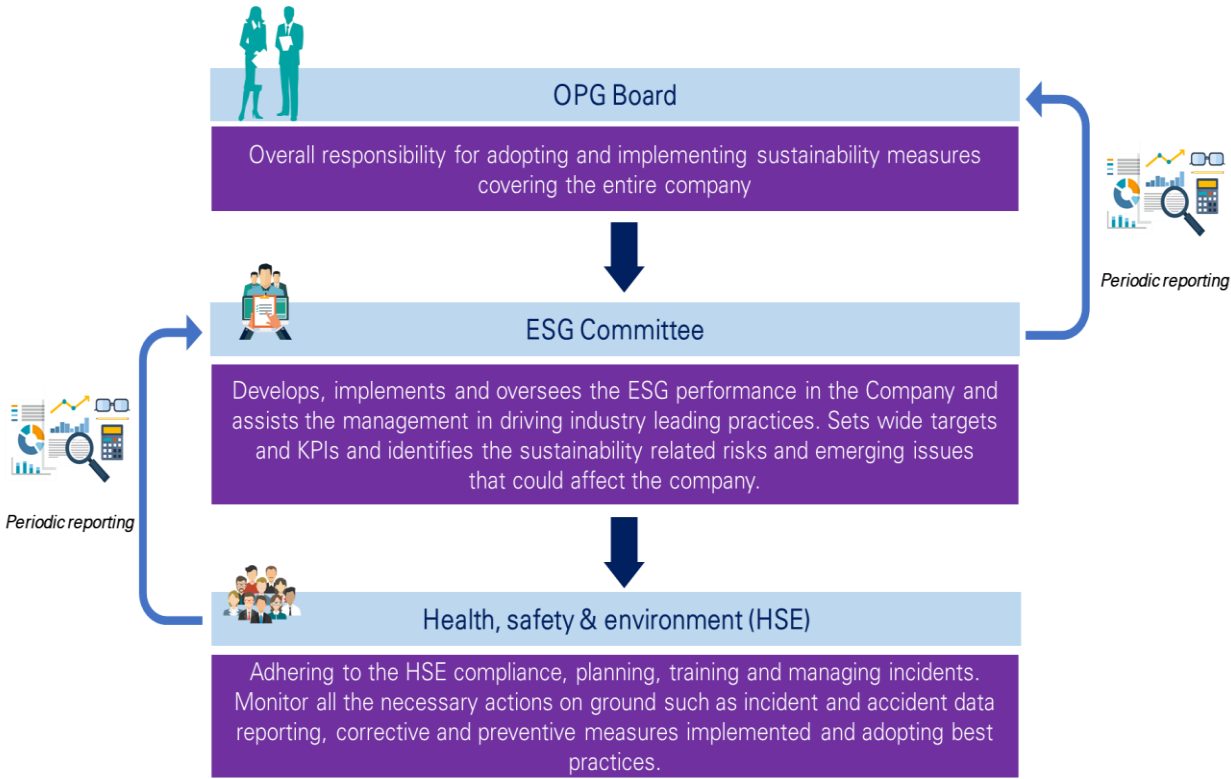


**Sustainability Governance**

The overall responsibility for adopting and implementing sustainability measures across the Group lies with the OPG Board. The ESG Committee was created in June 2021 and its primary duty is to establish objectives and milestones to achieve short and long-term ESG goals and to lead the process of development and implementation of Company’s ESG strategy. The Health, Safety and Environment (HSE) committee develops, implements, and oversees the HSE performance of the Company and assists the management in driving its HSE agenda and in implementing industry best practices. The ESG committee is tasked with keeping track of strategic and operational issues and periodically reporting to the Board. The ESG committee is also responsible for setting goals & targets and identifying key performance indicators (to track and monitor set targets) and identifying emerging ESG related risks and issues that could have an overall detrimental impact on our company.

A dedicated Steering Committee has also been put in place which reports to the HSE Committee on site specific HSE performance and challenges if any. The responsibilities of the Steering Committee include ensuring adherence to the HSE compliance, planning, training, and managing incidents. The Committee

monitors all the necessary actions on the ground such as incident and accident data reporting, corrective and preventive measures implemented and adopting best practices.



**Mitigating risks and capitalising on opportunities**

The Company has adopted precautionary approaches through a risk identification, management, and mitigation process. We realise that the purpose of risk management is not to eliminate risks but to minimise the potential negative consequences arising out of risks. The risk management process we have in place includes assessing the external and internal ESG as well as operational risks, along with their likelihood, severity, and impacts. We are in the process of integrating the sustainability risk management with our overall enterprise-wide risk management processes. Our stakeholders are increasingly becoming aware about the impact of these ESG risks on our operations as well as on the environment and the nearby community. We constantly identify the risks and opportunities to ensure our business strategy is aligned to the internal and external business environment. We have identified the following risks & opportunities:

## Mitigating Risks

Risk areas	Identified risks	Potential impact	Action plan
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Availability of quality coal at optimal cost</li> <li>• Forex variation</li> <li>• Credit risk &amp; timely financial closure</li> </ul>	<ul style="list-style-type: none"> <li>• Increased operational cost</li> <li>• Business continuity risk</li> </ul>	<ul style="list-style-type: none"> <li>• Due to the plant's proximity to a port and design of the boilers, the Company has flexibility of procuring coal from various international and domestic sources and blending different types of coal</li> <li>• From time to time the Company enters fixed price coal supply contracts and/or uses financial hedging instruments</li> <li>• When appropriate, forex exchange forward contracts are used to mitigate forex volatility and exposure</li> <li>• Negotiate with financial institutions to get favorable credit terms &amp; conditions to reduce credit risks</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Compliance with new and current laws, rules, regulations, and government policies regarding water use, reduced GHG and other emissions.</li> <li>• Cyclones and other natural calamities</li> <li>• Epidemics and Pandemics</li> <li>• Irradiance and erratic weather conditions</li> <li>• Water Management</li> <li>• Real time monitoring of energy conversion</li> <li>• Continuous-compliance of ESG regulations</li> <li>• Delay in land acquisition, forest clearance and obtaining environmental clearances</li> </ul>	<ul style="list-style-type: none"> <li>• Increased operational cost</li> <li>• Disruption in business due to violation of regulations/ norms</li> <li>• Business continuity risk</li> <li>• Project cost and time overrun</li> </ul>	<ul style="list-style-type: none"> <li>• A dedicated compliance monitoring team to monitor compliance with ESG regulations as well</li> <li>• Anticipate changes in regulations especially around GHG emissions and set an emissions reduction target</li> <li>• Insurance of assets to cover extreme weather-related events as well.</li> <li>• Inclusion of epidemics &amp; pandemics in the emergency response plan</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• Social activism</li> <li>• Labor unrest</li> </ul>	<ul style="list-style-type: none"> <li>• Business disruption due to labor unrest</li> </ul>	<ul style="list-style-type: none"> <li>• Regular engagement with stakeholders can be conducted to understand and act upon their concerns.</li> </ul>

## Capitalising on Opportunities

Identified opportunities	Potential impact
<ul style="list-style-type: none"> <li>• Increased focus on renewable capacity addition</li> <li>• Increase in energy demand due to improved living standard</li> <li>• Power demand for electric mobility in the future</li> <li>• Focus on enhancing energy efficiency and initiatives to reduce GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in product portfolio</li> <li>• Alignment to changing global preferences (transition towards low carbon economy)</li> <li>• Greener operations leading to reduced cost of operations</li> <li>• Increased social acceptance due to greener portfolio for power generation</li> <li>• Enhanced overall ESG performance</li> </ul>

## Sustainability in our daily operations

### Protecting our Environment



Figure 1: ISO 14001:2015 certificate

Power generation from fossil fuels is, by nature, a resource and emission-intensive activity. Coal and water are the primary resources for thermal power generation. The major impact that our operations have on the environment include stack emissions and waste generation. Major emissions through stacks are of Particular Matter (PM), Oxides of Sulphur (SO<sub>x</sub>) and Oxides of Nitrogen (NO<sub>x</sub>). Besides, CO<sub>2</sub> is also emitted due to the use of fossil fuels. In activities where coal is used as the primary fuel, the solid waste generated is majorly fly ash. We have been proactively working towards achieving continuous improvements in our environmental performance and to prevent, mitigate, and reduce the environmental impact of the operations.

Our focus on adherence to the highest standards of environmental management is applicable across all our sites. Towards this,

we have adopted various environmental protocols and adhere to leading certifications ensuring compliance with applicable environmental legislation. Our EHS policy endorses our commitment to improving our performance on various environmental aspects that go beyond regulatory compliances. We adhere to the requirements of ISO 14001 – Environmental Management System.

### Environmental compliance

Though electricity is a clean form of energy at the consumption stage, the process of generation usually involves depletion of natural resources, environmental pollution, displacement of population, health hazards, changes in land use pattern, and loss of forests among other things. These adverse impacts of thermal power plants can be offset by correct technological control, judicious siting, necessary control measures and effective environmental management of the operations.

It is embedded in our Group strategy to ensure compliance with standards set forth by the relevant authorities and seek to exceed the norms laid down by the regulatory standards in practice where possible. A legal compliance review of all the project sites is done in a systematic manner. Our plant specific steering committee assesses the compliance of the project site against the conditions laid out in the consents, permits and licenses, on regular basis. The steering committee of the plant submits the disclosure on legal compliance to the Board-level HSE committee.

### Energy & Emissions

In the reporting period, we **utilised a total of 1,264,807 MT of coal** which translated to **21,410,927 Million KJ of energy consumed** to generate 1,700,552,000 KWh of electricity, while in the previous fiscal year we generated 2,468,467,000 KWh of electricity, against the consumption of 30,107,503 Million KJ of energy.





0.473 MT/  
MWh

Specific coal combustion\* for the reporting year

\*specific coal combustion is normalized based on 6000 kcal/kg NAR coal



### Measures to reduce auxiliary power

- Pump De-staging, (BFP) (1 pump modified, other 2 pump in progress)
- APH seals replacement in Unit-IV in both the passes with improved seals
- Energy efficient blades for Air cooled condensers (4 fans replaced, 4 fans ordered)
- LED lights replacement (First phase completed, second phase in progress)
- Advanced APH Seals (Design stage completed, Detailed Engineering in Progress)
- Solar PV installation (In finalization)
- Lower size pump installation (Two mode operation) (one pump replaced, other pump in progress)
- Energy management Software (to enhance the operating methods)
- Compressed air optimization (Worn out compressor replaced, leaks arresting works brought in PM)

We are actively working towards optimizing our energy intensity to mitigate energy and emissions related risks. We have been proactively taking steps towards installing energy efficient equipment within our processes. We are also investing in processes and technologies that promote sustainable growth – enhancing energy efficiency and developing low-carbon technologies.

As a result of the energy conservation and efficiency initiatives undertaken, we were able to **reduce our energy consumption by ~31,570 Million KJ in the reporting year**. We are also working towards implementing Energy Management System – ISO 50001. In this fiscal year, we also drafted our energy policy.



~31,570  
Million KJ

Amount of energy conserved due to the energy conservation initiatives undertaken

We have recently conducted our *first carbon footprint accounting study* to understand our major sources of GHG emissions and track changes over time. Information presented in the GHG inventory can help inform corporate strategies and prioritize actions to reduce emissions. It can also provide benchmarks against which the success of the mitigation activities can be measured. The study will help us in setting a GHG emission reduction target in line with the requirements of the Paris Agreement goals.

Scope wise emissions	FY19-20	FY20-21
Direct emissions (Scope 1)	2,726,528	1,983,071
Indirect emissions (Scope 2)	25	35
Other indirect emissions (Scope 3)	0	740.2
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>2,726,552</b>	<b>1,983,846</b>

The table shows our scope GHG emissions for FY19-20 and FY20-21.

Table 2: Total GHG emissions by Scope



1.27 Kg  
CO<sub>2</sub>e/ KWh

Our generation emission intensity for the reporting period

One of the key impacts of our operation on environment include stack emissions which include SO<sub>x</sub>, NO<sub>x</sub>, and PMs. The norms are set to get stringent since the MOEFCC introduced new norms for coal-based

power stations to cut down emissions of particulate matters (both PM10 and PM2.5), Sulphur dioxide (SO<sub>2</sub>) and oxides of nitrogen (NO<sub>x</sub>) on 7 December 2015 to improve air quality around power plants. The new emission norms were supposed to be implemented by December 2017, but as per the latest government notification the timeline for compliance has been staggered based on the location of the plant. *As per conditions defined, our plant falls under category C for which the deadline has been fixed as 31 December 2024.*

Our plant is equipped with a Continuous Emission Monitoring System (CEMS) which is linked to the State Pollution Control Board servers to relay real-time emissions data. We also have 2 dedicated stations within our premises to carry out continuous monitoring of ambient air quality parameters including SO<sub>x</sub>, NO<sub>x</sub>, and SPM. This is to ensure that the ambient air quality in the area surrounding the plant is within the prescribed norms. To control dust emissions, we have installed Electrostatic Precipitators before the stacks that work at 99.9% efficiency to ensure that the PM level is below 50 µg/ Nm<sup>3</sup>.

Table 3: Average Non-GHG emissions for FY20-21

Average emission figures for FY20-21							
Source emission			Ambient Air Quality Parameters				
SO <sub>2</sub>	NO <sub>x</sub>	PM	PM2.5	PM10	SO <sub>2</sub>	NO <sub>x</sub>	CO
µg/Nm <sup>3</sup>	µg/Nm <sup>3</sup>	µg/Nm <sup>3</sup>	µg/Nm <sup>3</sup>	µg/Nm <sup>3</sup>	µg/Nm <sup>3</sup>	µg/Nm <sup>3</sup>	mg/Nm <sup>3</sup>
196	116	22	24.78	49.24	5.68	12.88	<1.2

The coal mix used in our plant comprises of imported Indonesian coal which has low Sulphur levels (a maximum of 0.15%) and indigenous coal having maximum Sulphur of 0.4% which are well below the prescribed limits of 1.2% provided by the MoEFCC. Due to this our SO<sub>x</sub> emissions are already well below the new stack emission norms even without the installation of the Flue-gas desulfurization (FGD) unit. To control our NO<sub>x</sub> emissions, we have already initiated the process of installation of a DeNO<sub>x</sub> retrofit system to reduce NO<sub>x</sub> emissions further to meet the norms.

### Water management

As per the Central Ground Water Authority block wise Groundwater Resource Assessment Report,2020, Gummidipoondi block falls under the **Safe** category. Our primary source of water is ground water. We have undertaken many initiatives in the 4R's -Reduce, Reuse, Recycle and Regenerate water in our operations to minimise our use of ground water. The ground water table is measured regularly at various points inside the plant through piezometric wells. Further, water meters have been installed at our project site to measure, monitor and manage our water consumption.



0.093 m<sup>3</sup>/  
MWh

Our specific water consumption in the reporting year against the norm of 2.5 m<sup>3</sup>/MWh for thermal power plants.

Due to the adoption of air-cooled condensers and prudent water management measures undertaken by us, our specific water consumption stood at just 0.093 m<sup>3</sup>/ MWh (less than 5%) as compared to the prescribed 2.5 m<sup>3</sup>/ MWh. The water cycle follows a closed loop system at OPG. The domestic water treated in the Sewage Treatment Plant ('STP') is used for nurturing the green belt. No effluent is released from the OPG premises which makes us a **Zero Discharge Plant (ZLD)**.

During the reporting year, the **total ground water withdrawal for our plant stood at 158.16 million liters. We consumed a total of 157.33 million liters of water.** The remaining 0.73 million liters was sent to the elevated solar pond for slow rate evaporation. OPG has employed air cooled condensers which have effectively reduced the water footprint per unit of electricity generated by 99% in comparison to

conventional water-cooled condensers. Our rainwater harvesting systems collect 90% of run-off. In this fiscal year, we also formulated our water policy.

### Waste management

Waste type	Generation (in MT)
Waste oil	0.9
Oil-soaked cotton waste	1.075
Bio-waste	0.036
E-waste	0.95

Table 4: Waste generation by type for FY20-21

Power plant operations generate non-hazardous as well as hazardous waste. The utilisation and disposal of this waste is governed by strict regulations. Ash is a major non-hazardous waste and a material aspect for us considering the quantity and challenges for utilisation in certain geographical areas. The hazardous waste that we generate is small in quantity and includes oil-soaked cotton waste, batteries etc. We have engaged a State Pollution Control Board

Authorised Agency for responsible handling and disposal of this hazardous waste. We do not engage in import or export of any hazardous waste or materials under the Basel Convention. In this fiscal year we also drafted our waste management policy.

### Fly ash management

Fly ash is a solid waste arising from the process of coal-based power generation. During the reporting period our **plant generated a total of 67,307 MT of fly ash and 16,842 MT of bottom ash**. The Central Government is focused on utilizing the fly ash since its disposal in landfills presents a significant challenge.



100%

Fly ash utilization during the reporting year

Though utilization of fly ash is a challenge for the entire Power sector considering the total quantity of ash generated, we have achieved 100% ash utilisation rate by engaging with cement and brick manufacturers who use fly ash for sustainable purposes as a raw material.

### Biodiversity

None of the operational sites owned, leased, or managed by us are in or adjacent to protected areas and areas of high biodiversity value outside protected areas. We are taking every possible step to make our premises an eco-friendly workplace. We recognize that our operations have a potential to impact biodiversity, both directly and indirectly. We plant saplings annually across our project sites to protect and restore natural habitats while sequestering carbon. We annually plant 2,000 saplings at each of our project sites. With an aim to increase the overall green cover of our sites, we have dedicated 30% of the area at our premises as green belt to promote local biodiversity. In this fiscal year, we also drafted our biodiversity policy.

**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. 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.

SECTOR-RELATED RISK	DESCRIPTION	MONITORING AND MITIGATION
Power sale	<p>The Company’s power plants derive their revenue from the group captive model supplying 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 power shareholders, power trading companies and state utilities. Contracts with captive power shareholders and other 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 captive power shareholders. This could adversely affect the revenues in the short-to medium-term and results of operations.</p>	<ul style="list-style-type: none"> <li>→ Review contracts periodically to obtain best possible tariffs</li> <li>→ Flexibility to supply to captive consumers or in the open market</li> <li>→ Benchmarking captive consumer prices to state utility prices to benefit from any price increases</li> <li>→ Monitor ongoing customer performance, maintaining a group of counterparties</li> </ul>
Availability of fuels supply and costs	<p>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.</p>	<ul style="list-style-type: none"> <li>→ Seeking long-term supplies</li> <li>→ Maintaining adequate storage facilities to keep appropriate levels of surplus stocks</li> <li>→ Maintaining relationships with suppliers and mitigating any potential disruption</li> <li>→ Developing different sources for fuel supply especially in the imports market</li> </ul>
Reliable transmission infrastructure	<p>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.</p>	<ul style="list-style-type: none"> <li>→ Assessing adequate availability of transmission capacity and related fees during project evaluation stage</li> <li>→ Construction and/or upgrade of transmission facilities near the Group’s existing or future power plants</li> <li>→ Maintaining a proactive relationship with local Distribution Companies (‘Discoms’) and monitor any changes</li> </ul>

INDIA-SPECIFIC RISKS	DESCRIPTION	MONITORING AND MITIGATION
Government policy and regulations	<p>The Group's operations are subject to complex national and state laws and regulations with respect to numerous matters, including the following:</p> <ul style="list-style-type: none"> <li>→ environmental factors (emissions, waste disposal, storage and handling);</li> <li>→ health and safety; and planning</li> <li>→ and development.</li> </ul> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>→ Group monitors and reviews changes in the regulatory environment and its commitments under licences previously granted</li> <li>→ 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</li> <li>→ The Group maintains an open and proactive relationship with the Indian government and its various agencies</li> <li>→ The Group is consulting with industry and legal experts as required and, if necessary, is prepared to defend its position in the courts.</li> </ul>
Ability to retain fiscal and tax incentives	<p>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.</p> <p>A change in policy or the adoption of tax policies and incentives can have an adverse impact on the profitability of the Group.</p>	<ul style="list-style-type: none"> <li>→ The Group continues to monitor changes and developments in respect of incentives provided by the Indian federal and state authorities</li> <li>→ 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</li> </ul>
Exchange rate fluctuations	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>→ Putting in place, where appropriate, forward contracts or hedging mechanisms</li> <li>→ Monitoring our risk on a regular basis where no hedging mechanism is in place and taking steps to minimise potential losses</li> </ul>
Global financial instability	<p>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.</p> <p>Continuing uncertainty and concerns about contagion in the wake of the financial crises could have a negative impact on the availability of funding.</p>	<ul style="list-style-type: none"> <li>→ The Group continues to monitor changes and developments in the global markets to assess the impact on its financing plans</li> </ul>
COVID-19 pandemic	<p>The spread of COVID-19 across the world has impacted businesses globally. The pandemic has posed risks to human life, resulted in low power demand due to national lockdown and disrupted supply chain.</p>	<ul style="list-style-type: none"> <li>→ The Group had adequate stock of coal and oil for plant startup and critical spares at the time of the COVID-19 lockdown. This has helped in ensuring the functioning of the plant during the lockdown.</li> </ul>

## BOARD OF DIRECTORS



Arvind Gupta  
Chairman

Mr. Arvind Gupta, is the Chairman of the Board of OPG Power Ventures Plc. A Commerce graduate from the University of Madras, Mr. Gupta joined the OPG family business in 1979. An energetic self-starter, visionary and a strategic leader, Mr. Gupta set up a steel pipe unit in 1979 at the age of 18 and pioneered the Group Captive Power Producer concept in Tamil Nadu state and developed and operationalised the 18 MW gas fired plant of OPG Energy, through to successful completion in 2004. Since then, Mr. Gupta has been responsible for the construction and development of the power plants of the OPG Group as well as its overall strategy, growth and direction. Having gained experience in various divisions of the business including flour milling, steel production and logistics, he went on to become the President of Kanishk Steel (listed on the Bombay Stock Exchange). He identified opportunities in power generation and developed this division within Kanishk Steel with initial projects in wind power generation in 1994. In addition, he has interests in several industries including cycle tyre tubes, energy - wind, power & solar, NBFC and real estate. Mr. Gupta is the Honorary Consul for North Macedonia in India

Member, Nomination  
Committee



Jeremy Warner Allen  
Non-executive Deputy Chairman

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, Nomination &  
Remuneration Committees



Dmitri Tsvetkov  
CFO, Executive Director

Mr 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 PricewaterhouseCoopers 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.

Member, ESG  
Committee





**MS. Avantika Gupta**  
**COO, Executive Director**

Ms. Avantika Gupta is a Post Graduate from University College, London (UCL), UK and a Barrister from Grays Inn, London (recipient of the Outstanding Student of the Year award). From childhood she always excelled in her scholastic journey. She started her career in the Family Business, OPG Group, in 2010 and moved on to become the Chief Operations Officer and Executive Director of OPG Power Ventures Plc, UK. Ms. Gupta is a competitive and aspirational young leader. She is an energetic self-starter with a progressive mindset and an innate drive to achieve. Ms. Gupta has significant experience in a spectrum of disciplines relevant to the energy and power sector. She was responsible for the development & commissioning of a 714 MW Thermal Power Project and 62 MW Solar Power Project in India.

Member, ESG  
Committee



**Mr Kumar, Non-Executive Director**, is Vice Chairman of The Sanmar Group, a multinational group, headquartered in Chennai, India, with activities spanning chemical production, engineering and shipping. He serves on the boards of various public bodies and of a number of companies across various sectors including electronics, telecommunications, engineering, technology, management and finance. He is a former President of the Confederation of Indian Industry and is currently Chairman of the Indo-Japan Chamber of Commerce & Industry. He is the Honorary Consul General of Greece in Chennai. Mr Kumar has a wide range of public interests in the areas of health, social welfare, sports and education, which include his role as President of Bala Mandir Kamaraj Trust and Managing Trustee of The Indian Education Trust. He is also a trustee of the World Wildlife Fund for Nature, India and is a former member of the Institute for Financial Management and Research. Mr Kumar has a degree in Electronics Engineering from Anna University, Chennai and is a fellow member of the Indian National Academy of Engineering. He is also a life member of the Institute of Electronics and Telecommunications Engineers.

Member, Audit, Nomination &  
Remuneration Committees



**Mr P Michael Grasby, Non-Executive Director** was re-appointed as a non-executive director to the Board of OPG Power Ventures plc in February 2021. Mr Grasby was a non-executive director of the Company from admission to AIM in May 2008 until November 2019 and has previously held a number of senior positions in the UK and international power sector. Mr Grasby was a non-executive director at Drax Group plc from December 2003 to April 2011. He retired from International Power in 2002, where he held a senior vice president position for global operations. During his career he has held a number of senior positions in the UK and international power industry with the Central Electricity Generating Board and National Power. He was manager of Drax Power Station between 1991 and 1995, and director of operations for National Power's portfolio, 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, continuing with his international directorships and leading a major consortium in the Czech Republic. Mr Grasby has experience of being a director of power companies in Portugal, Turkey and Pakistan. Mr Grasby was a founder director of Strategic Dimensions, an executive recruitment business for technical, general and financial management roles in the energy, process and engineering sectors. He is a Chartered Engineer, FIET and FIMechE.

Member, Remuneration & ESG  
Committees

**CORPORATE GOVERNANCE REPORT  
FINANCIAL YEAR ENDED 31 MARCH 2021**

**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, 2018 and 2019 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.

The Company is committed to high standards of corporate governance and places good governance at the heart of the business. In March 2020, the Board of the Company formally adopted the Quoted Companies Alliance's ("QCA") corporate governance code ("the Code") in line with requirements of the AIM Rules for Companies. The Board believes that the QCA Code provides the Company with a rigorous corporate governance framework to support the business and its success in the long-term. The Code sets out ten corporate governance principles. The ways in which the Company meets the following principles are described on our website at [www.opgpower.com/investors/aim-rule-26/index.html](http://www.opgpower.com/investors/aim-rule-26/index.html):

1. Establish a strategy and business model which promotes long-term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and other implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation
5. Maintain the board as a well-functioning, balanced team led by the chair
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviour
9. Maintain governance structures and processes that are fit for purpose and support good decision making by the board
10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

**The Board of Directors**

The Board comprises the following individuals:

**Executive**

1. Arvind Gupta (Chairman);
2. Dmitri Tsvetkov (Chief Financial Officer); and
3. Avantika Gupta (Chief Operating Officer).

**Non-executive**

1. Jeremy Warner Allen (Deputy Chairman);
2. N Kumar, and
3. Michael Grasby (appointed on 19 February 2021).

The Board considers that, as at the date of this report, it complies with Code provision, which requires that, there should be at least two independent Non-executive Directors. Mr Warner Allen, Mr Kumar and Mr Grasby 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 39 and 40 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 three monthly conference calls.

The Executive Committee ('ExCo') comprises of 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.

### ***Division of Responsibilities***

Mr Arvind Gupta, the Company's Chairman is responsible for the overall business, strategic decision and heads the Executive Committee. Ms Avantika Gupta, Chief Operating Officer is responsible for the day-to-day running of the operations. Jeremy Warner Allen is Deputy Chairman. In the Board's view, these arrangements 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.

### ***Chairman and Deputy Chairman***

The Chairman's key responsibilities were 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.

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

All Directors received a briefing from the Company's nominated adviser of their duties, responsibilities and liabilities as a Director of an AIM company. In addition, all Directors receive a regular briefing on the AIM Rules for Companies and the Market Abuse Regulations (MAR) 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 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.

### ***Board performance and evaluation***

The 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 2019 the Board introduced a process of self-evaluation of its performance and completed its first self-evaluation. It is still to implement a process of periodic evaluation of its principal committees and the individual Directors.

### ***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	1	2	NA	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	1	1	1	1
N Kumar	4	4	2	2	1	1	1	1
Michael Grasby (from February 2021)	4	1	NA	NA	2	2	NA	NA
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 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 and N Kumar. Jeremy Warner Allen is considered to have continuing, relevant financial experience. The 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 FY20 Annual Report and Accounts for the year ended 31 March 2020; and
- the unaudited results for the half-year FY21 to 30 September 2020.

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' FY20 final and FY21 planning reports to the Audit Committee. These issues were addressed as part of preparation of the FY21 financial statements.

### ***Remuneration Committee***

The Remuneration Committee currently consists of N Kumar and Jeremy Warner Allen.

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 41 to 44.

### ***Nomination Committee***

The members of the Nomination Committee are Arvind Gupta, Jeremy Warner Allen and N Kumar. 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 FY19 the Company has appointed first female Executive Director, Ms Avantika Gupta, COO, to the Board.

### ***Environmental, Social, and Governance ("ESG") Committee***

The Company's ESG Committee was created in June 2021 and Michael Grasby was appointed as Chairman of this committee. The other members of the ESG committee are Avantika Gupta and Dmitri Tsvetkov. The primary duty of the ESG Committee is to establish objectives and milestones to achieve short and long-term ESG goals and to lead the process of development and implementation of Company's ESG strategy.

## **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 or liquidity. A summary of the key risks facing the Group and mitigating actions is described on pages 30 and 31.

**Assurance**

BDO LLP was appointed as auditor for the Group for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 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 2021. 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.

**Viability statement**

A statement on the Directors' position regarding the Company as going concern is contained in the Directors' Report on pages 39 and 40. As part of an 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 2024, primarily because this is the 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 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 encourages their participation in the AGM.

Mr. 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](http://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 2021.

### Principal activity

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

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 captive power shareholders 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 under the 'Group Captive' provisions mandated by the Government of India.

### Results

The Group's results for the year ended 31 March 2021 are set out in the Consolidated Statement of Comprehensive Income. The Group profit for the year after tax was £14.1m (2020: £8.0m).

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

### Directors

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

Arvind Gupta	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 and Nomination Committees Chairman
N Kumar	Non-Executive Director, Remuneration Committee Chairman (joined on 25 November 2019)
Michael Grasby	Non-Executive Director, Remuneration Committee and Chairman of ESG Committees (from June 2021) (appointed on 19 February 2021)
Jeremy Beeton	Non-Executive Director (resigned on 16 March 2020)

### 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 provides 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 2021 was £58,909 comprising 400,733,511 ordinary shares of £0.000147 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 22 to the financial statements, the Group meets its day-to-day working capital requirements through cash from operations and bank facilities.

The COVID-19 virus, a global pandemic has affected the world economy leading to a significant decline and increased volatility in financial markets and a decline in economic activities. The Group has considered the possible effects that may result from the pandemic on the carrying amounts of receivables and other financial assets and carried out a Reverse Stress Test ("RST"). Based on the RST analysis, we can conclude that the Group is in strong position to navigate the current situation caused by COVID-19 pandemic and going concern is not an issue.

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 28 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 from 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 the Company's substantial shareholdings are set out on the Company's website at [www.opgpower.com](http://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 2021:

	Percentage of voting rights and issued share capital	Number of ordinary shares
Gita Investments Limited and related parties and Directors	52.1%	208,694,770
M&G Investment Management Limited	13.0%	52,051,647
British Steel Pension Scheme	3.6%	14,227,222

### Registered agent

The registered agent of the Company at 31 March 2021 was FIM Capital Limited who 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 28.

### 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 29 September 2021 and signed on its behalf by:

### Philip Scales

Company Secretary  
OPG Power Ventures Plc  
55 Athol Street  
Douglas  
Isle of Man  
IM1 1LA

29 September 2021



## **DIRECTORS' REMUNERATION REPORT 2021**

### **Introduction**

This report sets out information about the remuneration of the Directors of the Company for the year ended 31 March 2021. 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) (2008) (the 'Regulations').

### **Remuneration Committee**

The members of the Remuneration Committee are N Kumar and Jeremy Warner Allen who are both 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 35.

### **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.

### **Voluntary reduction of Directors' remuneration due to COVID-19**

As part of the COVID-19 response, the Company has implemented various cost reduction and efficiency improvement measures to conserve cash and improve liquidity, including voluntary 100 per cent salary reduction for the Chairman and voluntary reductions up to 50 per cent in compensation for Executive and Non-Executive Directors for FY21.

### **Long Term Incentive Plan ('LTIP')**

In April 2019, the Remuneration Committee of the Board of Directors approved the introduction of an LTIP, which was subsequently revised in July 2019, for a performance-related award of up to 14.0 million new ordinary shares (representing approximately 3.6 per cent 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 were awarded to certain members of the senior management team as Nominal Cost Shares 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.

In April 2020, and upon meeting relevant performance targets, 2,190,519 LTIP shares vested (80% of the 1st tranche). These shares will be issued later this year.

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 performance bonuses with respect to FY21. In light of COVID-19 it was decided that no bonuses will be awarded to Executive Directors in FY21 due to COVID-19 challenges. Similarly, no bonuses were awarded to Executive Directors in FY20 due to COVID-19.

### **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.

### **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 2021	31 March 2020
Gita Investments Limited and related parties <sup>1</sup>	206,432,166	206,492,166
Jeremy Warner Allen	1,124,680	1,124,680
Dmitri Tsvetkov	1,126,691	1,126,691
N Kumar (joined on 25 November 2019)	-	-
Michael Grasby (re-appointed on 19 February 2021)	11,233	n/a
<b>Total</b>	<b>208,694,770</b>	<b>208,743,537</b>

<sup>1</sup> Beneficial interest in these shareholdings vests with Gupta's family.

There were no changes to Directors' interests between 31 March 2021 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 2021 other than their service contracts.

Directors' remuneration for the period 31 March 2020 to 31 March 2021.

### Salary, annual bonus and benefits

	Salary/fees £	Annual bonus £	Total FY21** £	Total FY20 £
<b>Chairman</b>				
Arvind Gupta (paid in INR equivalent)	-*	-	-	500,000
<b>Executive Directors</b>				
Dmitri Tsvetkov	150,000	-	<b>150,000</b>	240,000
Avantika Gupta	60,000	-	<b>60,000</b>	120,000
<b>Non-executive Directors</b>				
Jeremy Warner Allen	25,000	-	<b>25,000</b>	50,000
N Kumar (joined on 25 November 2019)	22,500	-	<b>22,500</b>	15,000
Michael Grasby (from 19 February 2021)	2,562	-	<b>2,562</b>	33,750
Jeremy Beeton (until 16 March 2020)	n/a	n/a	<b>n/a</b>	43,270
<b>Total</b>	<b>260,062</b>	<b>-</b>	<b>260,062</b>	<b>1,002,020</b>

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 FY21 salary: nil (FY20: INR 45.8m). In FY21, as part of COVID-19 response, Arvind Gupta voluntarily agreed to take 100 per cent salary reduction. In FY19 and FY20 Arvind Gupta voluntarily agreed to reduce his base salary to £500,000 and to waive his FY19 bonus.

\*\* As part of the COVID-19 response, the Company has implemented various cost reduction and efficiency improvement measures to conserve cash and improve liquidity, including voluntary 100 per cent salary reduction for the Chairman and voluntary reductions up to 50 per cent in compensation for Executive and Non-Executive Directors for FY21.

Under their service agreements, Mr Arvind Gupta, Mr. Dmitri Tsvetkov and Ms. Avantika Gupta are entitled to medical, insurance and other allowances and received £144,896 (FY20: £662,923), nil (FY20: £21,000) and £352 (FY20: £1,316) respectively.

### Directors' LTIP

	LTIP granted	Movements during the period				Options outstanding	
		Options as at 1 April 2020	Granted	Expired/ Cancelled	Exercised	31 March 2021	Latest vesting date
Arvind Gupta	24 April 2019	7,407,407	Nil	Nil	Nil	7,111,111	24 April 2022
Avantika Gupta	24 April 2019	1,777,778	Nil	Nil	Nil	1,706,667	24 April 2022
Dmitri Tsvetkov	24 April 2019	3,555,556	Nil	Nil	Nil	3,413,334	24 April 2022

In April 2020, and upon meeting relevant performance targets, 80% of the first tranche of LTIP shares vested, 1,185,185 to Arvind Gupta, Chairman, 568,889 to Dmitri Tsvetkov, CFO and 284,445 to Avantika Gupta, COO. These shares will be issued later this year.

At 31 March 2021, the closing mid-market price of the Company's shares was 19.25 pence. During the year under review, the Company's closing mid-market share price ranged between a low of 9.60 pence and a high of 19.50 pence.

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

N Kumar  
Chairman, Remuneration Committee  
29 September 2021

## 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 issued by the International Accounting Standards Board. 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 IFRS as issued by the International Accounting Standards Board, subject to any material departures disclosed and explained in the financial statements;
- 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  
55 Athol Street  
Douglas  
Isle of Man  
IM1 1LA  
29 September 2021

## **Independent auditor's report to the members of OPG Power Ventures plc**

### **Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board;

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 2021 which comprise the Consolidated statement of financial position, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remain 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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the Directors' assessment of going concern through analysis of the Group's cash flow forecast through to September 2022 and beyond, including assessing and challenging the assumptions underlying the forecasts through corroboration of key assumptions to external information and a consideration of the key sensitivities as noted below.
- Obtaining an understanding of the Group's financing facilities, including the nature of facilities, repayment terms and covenants. We then assessed the facility headroom calculations on both a base case scenario, and the Directors' downside scenarios as a result of the ongoing COVID-19 pandemic.
- Taking account of the continuing COVID-19 pandemic, we have reviewed the reverse stress testing of the forecasts as prepared by management and considered the results in the context of the covenants and future cash flows.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue

as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Overview

<b>Coverage</b>	<i>100% (2020: 100%) of Group profit before tax</i> <i>100% (2020: 100%) of Group revenue</i> <i>100% (2020: 100%) of Group total assets</i>	
<b>Key audit matters</b>	<b>2021</b>	<b>2020</b>
	✓	✓
		✓
	✓	
	Going concern is no longer deemed to be a key audit matter as a result of the diminishing influence of the COVID-19 pandemic on the Group's financial position.	
<b>Materiality</b>	<i>Group financial statements as a whole</i>  £1,078k (2020: £1,077k) based on 5% of the profit before tax (2020: 5% of profit before tax excluding non-recurring specific loss allowances)	

### 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. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

At 31 March 2021 the group had 12 components whose transactions and balances are included in the consolidated accounting records. Of these 12 components one has been subject to a full scope audit 5 have been subject to analytical review procedures and 6 have been audited to group materiality. with all non-significant components having additional testing carried out on specific significant balances where required for the purpose of issuing the opinion on the Group financial statements. The component, located in India, which was considered to be a significant component was subject to a full scope audit undertaken



by BDO India. Each component's financial information could be selected for the purpose of representative sampling and key item testing.

*Our involvement with component auditors*

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Issuance of group instructions detailing the level of materiality, risk areas and other specific areas of focus;
- Regular correspondence during the audit process to monitor progress and ensure early warning of any areas of concern, particularly in relation to risk areas;
- A review of all audit work by the group audit team to ensure that the required assurance had been obtained for the purposes of the group opinion.

*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. We determined the following to be key audit matters:

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Carrying value of thermal power station</b></p> <p><i>Please refer to note 15, accounting policies in note 5, and key sources of estimation uncertainty in note 6.</i></p>	<p>The Group's thermal power station represents its most significant asset and totals £173 million as at 31 March 2021.</p> <p>Management is required to assess whether they consider there are any indications that the Group's assets may be impaired as at 31 March 2021. This assessment is undertaken in line with IAS 36 Impairment of Assets. Management determined that the low market capitalisation of the Group when compared to the carrying value of the power station is an indicator of impairment.</p> <p>The future viability and recoverability of the power station is underpinned by the</p> <p>We reviewed management's assessment of indicators of impairment and evaluated management's impairment models for the thermal power assets against historical performance and our understanding of the operations. We challenged the key estimates and assumptions used by management as set out below.</p> <p>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.</p> <p>We have also compared the discount rate used to that included in the previous year and also recalculations made in the previous year by our valuations experts.</p> <p>We sensitised the models for reasonable movements in key judgement areas to</p>

	<p>results achieved to date and the prediction of future value based on the future cash inflows generated from the assets.</p> <p>The assessment of the recoverable amount of the thermal power required significant judgement and estimation by management.</p>	<p>ascertain whether there remained a reasonable expectation that there would remain adequate headroom in excess of the carrying values.</p> <p><b>Key observations:</b> Based on the procedures above, we found the Group's assessment that its impairment model supports the carrying value of the thermal power station to be appropriate.</p>
<p><b>Accounting for investments in associates and assets held for sale</b></p> <p><i>Please refer to note 7, accounting policies in note 5, and key sources of estimation uncertainty in note 6.</i></p>	<p>The group holds investments in Solar projects which were previously accounted for as equity investments but are now considered as investments in associates.</p> <p>IAS 28 Investments in Associates and Joint Ventures defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those polices).</p> <p>Additionally the investments have been classified as held for sale. Therefore under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations these are required to be measured at the lower of cost or fair value. We also note that these assets have been held under IFRS 5 for a number of years.</p> <p>Given the judgement involved around the determination of whether OPG has control or significant influence, and the appropriateness of the classification as held for sale, there is a risk of material misstatement.</p>	<p>We have confirmed to signed director resignation forms that the Group ceased to control the Solar projects during the year and have correctly shown these as investments in associates as defined by IFRS 10.</p> <p>We have considered the classification of these assets as 'held for sale' against the criteria set out in IFRS 5 and have corroborated to correspondence from the Group's brokers and to board minutes that they continue to actively pursue the sale the companies.</p> <p>We have evaluated management's discounted cash flow model used in determining the fair value of the Solar projects and checked that these assets meet the criteria set out by IFRS 5 to be classified as assets held for sale. We confirmed to communications with the Group's broker and board minutes that the Group continues to actively pursue a sale of the investments. The evaluation of the discounted cash flow model to determine the fair value was carried out using the same techniques as for the carrying value of the thermal power station above.</p> <p><b>Key observations:</b> Based on the procedures above, we found the Group's assessment of the accounting for the Solar projects to be appropriate.</p>

### 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.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	<b>Group financial statements</b>	
	2021	2020
<b>Materiality</b>	£1,078k	£1,077k
<b>Basis for determining materiality</b>	5% of profit before tax	5% of profit before tax excluding non-recurring specific loss allowances
<b>Rationale for the benchmark applied</b>	We considered 5% of profit before tax to be a key performance benchmark for the Group and the users of the financial statements in assessing financial performance.	
<b>Performance materiality</b>	£809k	£808k
<b>Basis for determining performance materiality</b>	75% of Materiality On the basis of our risk assessment, together with our assessment of the Group's control environment, a low expected level of errors, and management's accommodating attitude to proposed adjustments, our judgement is that performance materiality for the financial statements should be 75%.	

#### *Component materiality*

We set materiality for the significant component of the Group based on a percentage of 72% of Group materiality which was dependent on the size and our assessment of the risk of material misstatement of the component. Component materiality in respect of the significant component was £850,000. In the audit of the component we further applied a performance materiality level of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

#### *Reporting threshold*

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £24k (2020: £22k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Financial Statements 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **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 and the Parent Company'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 the Parent Company 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Procedures performed by the group audit team included:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, rules of the London Stock Exchange for companies trading securities on AIM, the Companies Act 2006 and relevant tax compliance regulations in local jurisdictions. We understood how the Group is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures.
- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations, including gaining an understanding of where they considered there was a susceptibility to fraud;
- Our audit planning identified fraud risks in relation to management override, the inappropriate or incorrect recognition of revenue, and the accounting for the Solar projects (assessed as a Key Audit Matter above). We carried out procedures to check that revenue was recognised in the correct period. We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those processes and controls;

- Assessing journals entries as part of our planned audit approach. We also performed an assessment on the appropriateness of key judgements and estimates which are subject to managements' judgement and estimation, and could be subject to potential bias; and
- We discussed the risks of fraud at planning and communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 7 May 2021. 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**

Chartered Accountants  
Southampton  
United Kingdom

Date: 29 September 2021

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 2021

(All amount in £, unless otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	14	2,394	9,045
Property, plant and equipment	15	172,716,040	192,469,395
Other long-term assets	16	69,853	509,628
Restricted cash	19	8,194,412	26,645
		<b>180,982,699</b>	<b>193,014,713</b>
<b>Current assets</b>			
Inventories	18	12,186,644	11,480,099
Trade and other receivables	17	14,829,989	26,901,986
Other short-term assets	16	17,805,554	6,316,735
Current tax assets (net)		1,131,342	1,330,684
Restricted cash	19(b)	3,219,356	7,497,967
Cash and cash equivalents	19(a)	8,920,952	3,438,830
Assets held for sale	7(a), 7(b)	16,425,368	46,356,680
		<b>74,519,205</b>	<b>103,322,981</b>
<b>Total assets</b>		<b>255,501,904</b>	<b>296,337,694</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	20	58,909	58,909
Share premium	20	131,451,482	131,451,482
Other components of equity		(12,735,470)	(1,322,987)
Retained earnings		41,910,280	27,818,474
<b>Equity attributable to owners of the Company</b>		<b>160,685,201</b>	<b>158,005,878</b>
Non-controlling interests		881,869	497,955
<b>Total equity</b>		<b>161,567,070</b>	<b>158,503,833</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	22	22,260,206	33,081,456
Non-Convertible Debentures	22	19,840,089	-
Trade and other payables	23	607,702	169,373
Deferred tax liabilities (net)	13	12,994,371	5,723,791
		<b>55,702,368</b>	<b>38,974,620</b>
<b>Current liabilities</b>			
Borrowings	22	4,510,358	23,746,229
Trade and other payables	23	32,495,799	41,663,989
Other liabilities		1,226,309	582,241
Liabilities classified as held for sale	7(b)	-	32,866,783
		<b>38,232,466</b>	<b>98,859,241</b>
<b>Total liabilities</b>		<b>93,934,834</b>	<b>137,833,861</b>
<b>Total equity and liabilities</b>		<b>255,501,904</b>	<b>296,337,694</b>

The notes are an integral part of these consolidated financial statements

The financial statements were authorised for issue by the board of directors on 29 September 2021 and were signed on its behalf by:

**Arvind Gupta**  
Chairman

**Dmitri Tsvetkov**  
Chief Financial Officer

**Consolidated statement of Comprehensive Income**  
**For the Year ended 31 March 2021**

(All amount in £, unless otherwise stated)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Revenue	8	93,823,933	154,040,283
Cost of revenue	9	(56,893,065)	(90,060,252)
<b>Gross profit</b>		<b>36,930,868</b>	<b>63,980,031</b>
Other Operating income	10(a)	9,420,712	-
Other income	10(b)	1,921,546	668,037
Distribution cost		(4,791,056)	(9,209,987)
General and administrative expenses		(7,256,153)	(8,061,622)
Expected credit loss on trade receivables	28	(3,025,055)	(17,046,480)
Depreciation and amortisation		(5,705,538)	(6,293,034)
<b>Operating profit</b>		<b>27,495,324</b>	<b>24,036,945</b>
Finance costs	11	(6,803,137)	(11,495,136)
Finance income	12	868,439	1,962,692
<b>Profit before tax</b>		<b>21,560,626</b>	<b>14,504,501</b>
Tax expense	13	(8,447,699)	(4,321,124)
<b>Profit for the year from continued operations</b>		<b>13,112,927</b>	<b>10,183,377</b>
Gain/(Loss) from discontinued operations, including Non-Controlling Interest	7	999,398	(2,146,275)
<b>Profit for the year</b>		<b>14,112,325</b>	<b>8,037,102</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		14,091,806	8,229,504
Non – controlling interests		20,518	(192,402)
		<b>14,112,325</b>	<b>8,037,102</b>
<b>Earnings per share from continued operations</b>			
Basic earnings per share (in pence)	25	3.27	2.60
Diluted earnings per share (in pence)		3.25	2.59
<b>Earnings/(Loss) per share from discontinued operations</b>			
Basic earnings/(loss) per share (in pence)	25	0.30	(0.50)
Diluted earnings/(loss) per share (in pence)		0.30	(0.50)
<b>Earnings per share</b>			
-Basic (in pence)	26	3.52	2.11
-Diluted (in pence)		3.50	2.09
<b>Other comprehensive income / (loss)</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		(12,860,261)	(4,560,097)
<b>Items that will be not reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations, relating to non-controlling interests		(13,322)	(192,401)
<b>Total other comprehensive income / (loss)</b>		<b>(12,873,583)</b>	<b>(4,752,498)</b>
<b>Total comprehensive income</b>		<b>1,238,741</b>	<b>3,284,604</b>
<b>Total comprehensive income / (loss) attributable to:</b>			
Owners of the Company		1,231,546	3,669,407
Non-controlling interest		7,196	(384,803)
		<b>1,238,741</b>	<b>3,284,604</b>

The notes are an integral part of these consolidated financial statements



## Consolidated statement of changes in equity

For the Year ended 31 March 2021

(All amount 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
<b>At 1 April 2019</b>	<b>387,910,200</b>	<b>57,024</b>	<b>129,125,915</b>	<b>6,650,305</b>	<b>(4,249,018)</b>	<b>21,916,422</b>	<b>153,500,648</b>	<b>882,759</b>	<b>154,383,407</b>
Employee Share based payment LTIP (Note 21)	-	-	-	835,822	-	-	835,822	-	835,822
Dividends (Note 20)	<b>12,823,311</b>	1,885	2,325,567	-	-	(2,327,452)	-	-	-
<b>Transaction with owners</b>	<b>12,823,311</b>	<b>1,885</b>	<b>2,325,567</b>	<b>835,822</b>	-	<b>(2,327,452)</b>	<b>835,822</b>	-	<b>835,822</b>
Profit for the year	-	-	-	-	-	8,229,504	8,229,504	(192,402)	8,037,102
Other comprehensive income	-	-	-	-	(4,560,096)	-	(4,560,096)	(192,402)	(4,752,497)
<b>Total comprehensive income</b>	-	-	-	-	<b>(4,560,096)</b>	<b>8,229,504</b>	<b>3,669,408</b>	<b>(384,804)</b>	<b>3,284,604</b>
<b>At 31 March 2020</b>	<b>400,733,511</b>	<b>58,909</b>	<b>131,451,482</b>	<b>7,486,127</b>	<b>(8,809,114)</b>	<b>27,818,474</b>	<b>158,005,878</b>	<b>497,955</b>	<b>158,503,833</b>
<b>At 1 April 2020</b>	<b>400,733,511</b>	<b>58,909</b>	<b>131,451,482</b>	<b>7,486,127</b>	<b>(8,809,114)</b>	<b>27,818,474</b>	<b>158,005,878</b>	<b>497,955</b>	<b>158,503,833</b>
Employee Share based payment LTIP (Note 21)	-	-	-	535,247	-	-	535,247	-	535,247
<b>Transaction with owners</b>	-	-	-	<b>535,247</b>	-	-	<b>535,247</b>	-	<b>535,247</b>
Profit for the year	-	-	-	-	-	14,091,806	14,091,806	20,518	14,112,324
Deconsolidation (note 7b)	-	-	-	-	912,531	-	912,531	376,718	1,289,249
Other comprehensive income	-	-	-	-	(12,860,261)	-	(12,860,261)	(13,322)	(12,873,583)
<b>Total comprehensive income</b>	-	-	-	-	<b>(11,947,730)</b>	<b>14,091,806</b>	<b>2,144,076</b>	<b>383,914</b>	<b>2,527,990</b>
<b>At 31 March 2021</b>	<b>400,733,511</b>	<b>58,909</b>	<b>131,451,482</b>	<b>8,021,374</b>	<b>(20,756,844)</b>	<b>41,910,280</b>	<b>160,685,201</b>	<b>881,869</b>	<b>161,567,070</b>

During FY20 the Company has paid a scrip dividend of 12,823,311 shares (2019:31,601,503 shares)

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

**Consolidated statement of cash flows**  
**For the Year ended 31 March 2021**  
(All amount in £, unless otherwise stated)

		Year ended 31 March 2021	Year ended 31 March 2020
<b>Cash flows from operating activities</b>			
<b>Profit before income tax including discontinued operations</b>		<b>22,560,024</b>	<b>11,365,000</b>
<i>Adjustments for:</i>			
(Profit)/Loss from discontinued operations, net	7	(999,398)	3,139,501
Unrealised foreign exchange loss	9(d)	46,931	1,568,333
Financial costs	11	6,756,206	9,926,804
Financial income	12	(864,156)	(1,962,692)
Share based compensation costs	21	535,247	835,822
Depreciation and amortization		5,705,538	6,293,034
Expected credit loss on Trade receivables	28	3,025,055	17,046,480
<i>Changes in working capital</i>			
Trade and other receivables		7,404,759	4,406,823
Inventories		(1,654,539)	(4,699,650)
Other assets		4,976,235	3,121,895
Trade and other payables		(7,106,516)	(19,421,286)
Other liabilities		490,713	(217,194)
<i>Cash generated from continuing operations</i>		<b>40,876,099</b>	<b>31,402,869</b>
Taxes paid		(709,277)	(767,865)
Cash provided by operating activities of continuing operations		40,166,822	30,635,004
Cash used for operating activities of discontinued operations		-	(2,062,318)
<b>Net cash provided by operating activities</b>		<b>40,166,822</b>	<b>28,572,687</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment (including capital advances)		(506,222)	(573,668)
Interest received		864,156	1,962,692
Movement in restricted cash		(4,655,096)	2,240,335
Purchase of investments		(25,250,994)	(725,418)
Cash (used in)/from investing activities of continuing operations		(29,548,156)	2,903,941
Cash (used in)/from investing activities of discontinued operations		-	426,425
<b>Net cash (used in)/from investing activities</b>		<b>(29,548,156)</b>	<b>3,330,366</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings (net of costs)		21,981,043	-
Repayment of borrowings		(27,938,844)	(21,620,516)
Dividend paid		-	-
Finance costs paid		(5,812,498)	(9,927,750)
Cash used in financing activities of continuing operations		(11,770,299)	(31,548,266)
Cash used in financing activities of discontinued operations		-	689,255
<b>Net cash used in financing activities</b>		<b>(11,770,299)</b>	<b>(30,859,011)</b>
Net (decrease)/increase in cash and cash equivalents from continuing operations		(1,151,633)	1,990,679
Net (decrease)/increase in cash and cash equivalents from discontinued operations		-	(946,638)
<b>Net increase in cash and cash equivalents</b>		<b>(1,151,633)</b>	<b>1,044,042</b>
Cash and cash equivalents at the beginning of the year		3,438,830	2,118,960
Cash and cash equivalents on deconsolidation		(28,560)	24,545
Exchange differences on cash and cash equivalents		6,662,317	19,330
Cash and cash equivalents of the discontinued operations		-	231,953
<b>Cash and cash equivalents at the end of the year</b>		<b>8,920,954</b>	<b>3,438,830</b>

**Consolidated statement of cash flows**  
**For the Year ended 31 March 2021 (continued)**

(All amount in £, unless otherwise stated)

**Disclosure of Changes in financing liabilities:**

<b>Analysing of changes in Net debt</b>	<b>1 April 2020</b>	<b>Cash flows</b>	<b>Forex rate impact</b>	<b>31 March 2021</b>
Working Capital loan	6,914,122	(2,704,726)	(421,082)	3,788,314
Secured loan due within one year	16,832,107	(15,443,674)	(666,390)	722,044
<b>Borrowings grouped under Current liabilities</b>	<b>23,746,229</b>	<b>(18,148,399)</b>	<b>(1,087,471)</b>	<b>4,510,358</b>
Secured loan due after one year	33,081,456	12,190,599	(3,171,760)	42,100,295
<b>Borrowings grouped under Non-current liabilities</b>	<b>33,081,456</b>	<b>12,190,599</b>	<b>(3,171,760)</b>	<b>42,100,295</b>

<b>Analysing of changes in Net debt</b>	<b>1 April 2019</b>	<b>Cash flows</b>	<b>Other Changes</b>	<b>31 March 2020</b>
Working Capital loan	10,433,893	(3,317,490)	(202,281)	6,914,122
Secured loan due within one year	18,435,829	(1,087,278)	(516,444)	16,832,107
<b>Borrowings grouped under Current liabilities</b>	<b>28,869,722</b>	<b>(4,404,768)</b>	<b>(718,725)</b>	<b>23,746,229</b>
Secured loan due after one year	51,495,208	(17,215,748)	(1,198,004)	33,081,456
<b>Borrowings grouped under Non-current liabilities</b>	<b>51,495,208</b>	<b>(17,215,748)</b>	<b>(1,198,004)</b>	<b>33,081,456</b>

## Notes to the Consolidated Financial Statements

(All amount 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 (IFRS) as issued by the International Accounting Standards Board 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 55 Athol street, Douglas, Isle of Man IM1 1LA. The Company's ordinary shares are listed on the AIM Market of the London Stock Exchange.

The Consolidated Financial Statements for the year ended 31 March 2021 were approved and authorised for issue by the Board of Directors on 29 September 2021.

### 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.

#### b. Changes in accounting Standards

The following standards and amendments to IFRSs became effective for the period beginning on 1 January 2020 and did not have a material impact on the consolidated financial statements:

##### i) Amendments to IAS 1 and IAS 8, "Definition of Material"

In October 2018, the IASB published amendments to IAS 1, "Presentation of Financial Statements" and IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of material. The amendments standardize and clarify the definition of material and its application to disclosures in financial statements presented in the IFRSs. The amendments have no impact on Group's Consolidated Financial Statements.

##### ii) Amendments to IFRS 3, "Definition of a Business"

In October 2018, the IASB published amendments to IAS 3, "Definition of a Business." The primary purpose of these amendments is to help distinguish between a business and a group of assets. A business comprises a group of activities and assets that involve at least one resource input and one substantive process that together contribute significantly to the ability to generate outputs. The IASB has introduced a concentration test that permits a simplified assessment of whether a set of activities and assets is a business. It is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, in which case IFRS 3 does not apply. The amendments have no impact on Group's Consolidated Financial Statements.

##### iii) Amendments to References to the Conceptual Framework

In March 2018, the IASB published Amendments to References to the Conceptual Framework in IFRS. The amendments have no impact on Group's Consolidated Financial Statements.

##### iv) Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform"

In September 2019, the IASB published amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform." The Phase 1 amendments of the IASB's Interest Rate Benchmark Reform project (IBOR reform) provide for temporary exemption from applying specific hedge accounting requirements to hedging relationships that are directly affected by IBOR reform. The

exemptions have the effect that IBOR reform should not generally cause hedge relationships to be terminated due to uncertainty about when and how reference interest rates will be replaced. However, any hedge ineffectiveness should continue to be recorded in the income statement under both IAS 39 and IFRS 9. Furthermore, the amendments set out triggers for when the exemptions will end, which include the uncertainty arising from IBOR reform. The amendments have no impact on Group's Consolidated Financial Statements.

**v) Amendments to IFRS 16, "Covid-19-Related Rent Concessions—Amendment to IFRS 16"**

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a Covid-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the prescribed conditions are met. The Group has not received any rent concessions and so has not early adopted the amendment as it would have no impact on the presentation of these Financial Statements.

**c). Standards and Interpretations Not Yet Applicable**

The IASB and the IFRS IC have issued the following additional standards and interpretations. Group does not apply these rules because their application is not yet mandatory. Currently, however, these adjustments are not expected to have a material impact on the consolidated financial statements of the Group:

- i) IFRS 17, "Insurance Contracts," published in May 2017, expected first-time application in next fiscal year.
- ii) Amendments to IFRS 4, "Insurance Contracts—Extension of the Temporary Exemption from IFRS 9," published in June 2020, first-time application in fiscal year 2021.

**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.

During FY2019, the Company obtained a right to exercise an option to buy additional 30% equity interest in solar companies. Effective from FY2021 this right was re-assigned to a third party along with the related obligations and the results of the operations of solar companies Aavanti Solar Energy Private Limited, Mayfair Renewable Energy (I) Private Limited, Aavanti Renewable Energy Private Limited and Brics Renewable Energy Private Limited are not consolidated in Group's consolidated financial statements due to loss of control. The Group continues owning a 31% equity interest in the solar companies. As it was previously reported, after evaluation of all options, the Company decided that the most efficient way to maximise shareholders' value from solar operations is to dispose solar companies and it initiated 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 2021 (Note 7(b)).

*Going concern*

As at 31 March 2021 the Group had £8.9m in cash and net current assets of £36.3m. The directors and management have prepared a cash flow forecast to September 2022, 12 months from the date this report, which 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.

COVID-19 virus, a global pandemic has affected the world economy leading to significant decline and volatility in financial markets and decline in economic activities. The Group has considered the possible effects that may result from the pandemic on the carrying amounts of receivables and other financial assets and carried out a Reverse Stress Test (RST). In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information. The Group has performed sensitivity analysis on the assumptions used for business projections and based on current estimates expects the carrying amount of these assets will be recovered and no material impact on the financial results inter-alia including the carrying value of various current and non-current assets are expected to arise for the year ended 31 March 2021. The Group will continue to closely monitor any variation due to the changes in situation and these changes will be

taken into consideration, if necessary, as and when they crystallise. However, electricity being an essential commodity the impact on industry has been comparatively lower. The operating assets of the Group primarily are located in India. The Government of India with Reserve Bank of India (RBI) have announced various regulatory measures to help the industry. The Group has opted for such measures for deferment of payment of principal and interest on term loans and also interest on working capital loans. The Group raised approximately £19.8m (₹ 2000 million) during June 2020 through non-convertible debentures (NCDs) issue with a three years term and coupon rate of 9.85%. The NCD's proceeds were used to repay the FY21 and FY22 (i.e. to March 2022) principal term loans obligations. All debt covenants are met and have sufficient headroom. The Group has also availed the Emergency Credit Line Guarantee Scheme (ECLGS) and COVID Emergency support loans during the year aggregating to £2.7 million. The Group collected full amount of receivables from its principle customer of approximately £16.4m and historical contractual claims payments from its customers under the power purchase agreements amounting to £9.4m which were accumulated over several periods. These measures strengthened the Group's financial position at this time of economic slowdown and also substantially eased the cash flow burden on account of the Group having repaid the principal term loan obligation for FY21 and FY22 and major recoveries of overdues towards power supply from our principal customer TANGEDCO. Based on the RST analysis, we can conclude that the Group is in strong position to navigate the current situation caused by Covid-19 pandemic and going concern is not an issue.

#### **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 2021. 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 reserve' within the 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**

Subsidiaries	Immediate parent	Country of incorporation	% Voting Right		% Economic interest	
			March 2021	March 2020	March 2021	March 2020
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	71.25	73.16	99.90	99.91
Samriddhi Solar Power LLP(*)	OPGPG	India	-	73.16	-	99.91
Samriddhi Surya Vidyut Private Limited	OPGPG	India	71.25	73.16	99.90	99.91
OPG Surya Vidyut LLP(*)	OPGPG	India	-	73.16	-	99.91
Powergen Resources Pte Ltd	OPGPV	Singapore	98.56	98.66	100	100
Avanti Solar Energy Private Limited(**)	OPGPG	India	Associate 31%	31	Associate 31%	31
Mayfair Renewable Energy (I) Private Limited(**)	OPGPG	India	Associate 31%	31	Associate 31%	31
Avanti Renewable Energy Private Limited(**)	OPGPG	India	Associate 31%	31	Associate 31%	31
Brics Renewable Energy Private Limited(**)	OPGPG	India	Associate 31%	31	Associate 31%	31

(\*) During FY21 withdrawn as a partner from LLP

(\*\*) Effective from FY21, the results of operations of Solar companies Aavanti Solar Energy Private Limited, Mayfair Renewable Energy (I) Private Limited, Aavanti Renewable Energy Private Limited and Brics Renewable Energy Private Limited are not consolidated in Group's consolidated financial statements due to loss of control.

**ii) Financial assets measured at FVPL (Assets Held for sale) - Joint ventures (Note 7(a))**

Joint ventures	Venturer	Country of incorporation	% Voting right		% Economic interest	
			March 2021	March 2020	March 2021	March 2020
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 (£). 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 Great Britain Pound Sterling. 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 Great Britain Pound (£).

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 recognized 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 Great Britain Pound (£) are the closing rate as at 31 March 2021: 100.81 (2020: 93.07) and the average rate for the year ended 31 March 2021: 96.72 (2020: 89.97).

#### **f) Revenue recognition**

In accordance with IFRS 15 - Revenue from contracts with customers, the Group recognises revenue 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 10 to 45 days.

#### *Revenue*

Revenue from providing electricity to captive power shareholders and sales to other customers is recognised on the basis of billing cycle under the contractual arrangement with the captive power shareholders and customers and reflects the value of units of power supplied and the applicable tariff after deductions or discounts. Revenue is earned at a point in time of joint meter reading by both buyer and seller for each billing month.

#### *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.

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 contains regulations on measurement categories for financial assets and financial liabilities. It also contains regulations on impairments, which are based on expected losses.

Financial assets are classified as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (FVOCI) and financial assets measured at fair value through profit and loss (FVPL) based on the business model and the characteristics of the cash flows. If a financial asset is held for the purpose of collecting contractual cash flows and the cash flows of the financial asset represent exclusively interest and principal payments, then the financial asset is measured at amortized cost. A financial asset is measured at fair value through other comprehensive income (FVOCI) if it is used both to collect contractual cash flows and for sales purposes and the cash flows of the financial asset consist exclusively of interest and principal payments. Unrealized gains and losses from financial assets measured at fair value through other comprehensive income (FVOCI), net of related deferred taxes, are reported as a component of equity (other comprehensive income) until realized. Realized gains and losses are determined by analyzing each transaction individually. Debt instruments that do not exclusively serve to collect contractual cash flows or to both generate contractual cash flows and sales revenue, or whose cash flows do not exclusively consist of interest and principal payments are measured at fair value through profit and loss (FVPL). For equity instruments that are held for trading purposes the group has uniformly exercised the option of recognizing changes in fair value through profit or loss (FVPL). Refer to note 29 "Summary of financial assets and liabilities by category and their fair values".

Impairments of financial assets are both recognized for losses already incurred and for expected future credit defaults. The amount of the impairment loss calculated in the determination of expected credit losses is recognized on the income statement. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

### **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 & equipment such as employee cost, borrowing costs for long-term construction projects etc, if recognition criteria are met. Likewise, when a major inspection is performed, its costs are recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred.

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

<b>Nature of asset</b>	<b>Useful life (years)</b>
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 4 years.

#### **n) Leases**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated in the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

#### **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 recognized 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.

**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 recognized 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 recognized. 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 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.

#### **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 values 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.

#### **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 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 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 Board of Directors being the chief operating decision maker evaluate the Group's performance and allocates resources based on an analysis of various performance indicators at operating segment level. During the current year 2021 the Group has deconsolidated solar entities and are classified as associates (note 7(b)). Accordingly, during FY 21 there is only one operating segment thermal power. The solar power business is classified as held for sale. There are no geographical segments as all revenues arise from India. All the non current assets are located in India.

### **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 judgment to best reflect the substance of underlying transactions.

The Group has determined that a number of its accounting policies can be considered significant, in terms of the management judgment that has been required to determine the various assumptions underpinning their application in the consolidated financial statements presented which, under different conditions, could lead to material differences in these statements. The actual results may differ from the judgments, estimates and assumptions made by the management and will seldom equal the estimated results.

#### **a. Judgements**

The following are significant management judgments 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 FY21, the Group has reclassified the 31% equity interest in the solar entities from Subsidiaries to Associates due to loss of control. The interest in the solar entities (Avanti Solar Energy Private Limited, Mayfair Renewable Energy (I) Private Limited, Avanti Renewable Energy Private Limited and Brics Renewable Energy Private Limited) are disclosed as assets held for sale.

##### *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 consider that all the conditions under IFRS 5 for classification of the solar business as held for sale have been met as at 31 March 2021 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).

Recoverability of deferred tax assets:

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

#### 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.

- 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;
- 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. Profit/(Loss) from discontinued operations

Non-current assets held for sale and Profit/(Loss) from discontinued operations consists of:

		Assets held for sale		Liabilities classified as held for sale		Profit/(Loss) from discontinued operations	
		At 31 March 2021	At 31 March 2020	At 31 March 2021	At 31 March 2020	For FY 21	For FY 20
		i	Impairment of investments in joint venture	-	-	-	-
ii	Interest in Solar entities Note (7(b))	16,425,368	46,356,680	-	32,866,783	-	(293,942)
iii	Share of Profit from Solar entities Note 7(b)	-	-	-	-	117,710	-
iv	Gain on deconsolidation of Solar entities	-	-	-	-	881,688	-
v	Impairment of deposits pledged for lenders of BVP	-	-	-	-	-	(933,901)
	<b>Total</b>	<b>16,425,368</b>	<b>46,356,680</b>	<b>-</b>	<b>32,866,783</b>	<b>999,398</b>	<b>(2,146,275)</b>

**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 Arrangement, 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’).

OPG has invested approximately £3,484,178 in equity and £1,727,418 to date as advance and accordingly the joint venture has been reported using equity method as per the requirements of IFRS 11. During FY2020 the Company recognised an impairment provision of £918,432 resulting in impairment of entire investment of £5,211,596 in joint venture (note 16) on account of the impending dissolution of the JV.

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

During FY19, the results of the operations of solar entities Avanti Solar Energy Private Limited, Mayfair Renewable Energy (I) Private Limited, Avanti Renewable Energy Private Limited and Brics Renewable Energy Private Limited were classified as Assets held for sale. 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 entities and the process of disposition of the solar entities was initiated. The process of sale could not be implemented during FY21 due to pandemic Covid-19 and expectation of comparatively better valuation for sale. However, the Management expects the interest in the solar entities to be sold within the next 12 months and continues to locate a buyer.

During FY19, the Company obtained a right to exercise an option to buy additional 30% equity interest in solar companies. Effective from FY20 this right was assigned to a third party and from FY21 the remaining related obligations and the results of the operations of solar companies Aavanti Solar Energy Private Limited, Mayfair Renewable Energy (I) Private Limited, Aavanti Renewable Energy Private Limited and Brics Renewable Energy Private Limited are not consolidated in Group’s consolidated financial statements due to loss of control. The Group continues owning a 31% equity interest in the solar companies.

**Non-current Assets held-for-sale and discontinued operations**

	As at 31 March 2021	As at 31 March 2020
<b>(a) Assets of disposal group classified as held-for-sale</b>		
Property, plant and equipment	-	42,098,498
Trade and other receivables	-	3,489,633
Other short-term assets	-	256,209
Restricted cash	-	487,795
Cash and cash equivalents	-	24,545
Investment in Joint venture classified as held for sale	16,425,368	-
<b>Total</b>	<b>16,425,368</b>	<b>46,356,680</b>

	As at 31 March 2021	As at 31 March 2020
<b>(b) Liabilities of disposal group classified as held-for-sale</b>		
<b>Non Current liabilities</b>		
Borrowings	-	28,262,288
Trade and other payables	-	-
Deferred tax liability	-	1,014,031
<b>Current liabilities</b>		
Trade and other payables	-	901,474
Other liabilities	-	2,688,990
<b>Total</b>	<b>-</b>	<b>32,866,783</b>

(c) Analysis of the results of discontinued operations is as follows:	For FY 21	For FY 20
Revenue	-	5,884,401
Operating profit before impairments	-	2,160,974
Finance income	-	92,096
Finance cost	-	(3,540,239)
Current Tax	-	-
Deferred tax	-	993,226
Share of Profit from Solar entities	117,710	-
Gain on deconsolidation of Solar entities	881,688	-
<b>Profit/(Loss) from Solar operations</b>	<b>999,398</b>	<b>(293,942)</b>

## 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 Board of Directors being the chief operating decision maker evaluate the Group’s performance and allocates resources based on an analysis of various performance indicators at operating segment level. During the current year 2021 the Group has deconsolidated the solar entities which are classified as associates (note 7(b)). Accordingly, during FY 21 there is only one operating segment thermal power. The solar power business is classified as held for sale. There are no geographical segments as all revenues arise from India. All the non current assets are located in India.

Revenue on account of sale of power to one customer exceeding 10% of total sales revenue amounts to £28,720,575 (2020: £27,152,241).

### Segmental information disclosure

Segment Revenue	Continuing operations		Discontinued operations	
	Thermal		Solar	
	FY21	FY20	FY21	FY20
Sales	93,823,933	154,040,283	-	5,884,401
<b>Total</b>	<b>93,823,933</b>	<b>154,040,283</b>	<b>-</b>	<b>5,884,401</b>
Other operating income	9,420,712	-	-	-
Depreciation, impairment	(5,705,538)	(6,293,034)	-	(3,516,527)
Profit from operation	27,495,324	24,036,945	-	2,160,974
Finance income	868,439	1,962,692	-	92,096
Finance cost	(6,803,137)	(11,495,136)	-	(3,540,239)
Tax expenses	(8,447,699)	(4,321,124)	-	993,226
Gain on deconsolidation of Solar entities	-	-	881,688	-
Share of Profit in Solar entities	-	-	117,710	-
<b>Profit / (loss) for the year</b>	<b>13,112,927</b>	<b>10,183,377</b>	<b>999,398</b>	<b>(293,942)</b>
Assets	239,076,536	249,981,014	16,425,368	49,579,232
Liabilities	93,934,834	104,967,078	-	35,267,786

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

### a) Cost of fuel

	31 March 2021	31 March 2020
<b>Included in cost of revenue:</b>		
Cost of fuel consumed	54,095,390	83,133,530
Other direct costs	2,797,675	6,926,722
<b>Total</b>	<b>56,893,065</b>	<b>90,060,252</b>

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

	31 March 2021	31 March 2020
Salaries and wages	2,139,303	2,756,438
Employee benefit costs *	228,112	760,914
Long Term Incentive Plan (Note 21)	535,247	835,822
<b>Total</b>	<b>2,902,662</b>	<b>4,353,174</b>

\* includes £31,885 (2020: 21,860) being expenses towards gratuity which is a defined benefit plan (Note 5(w))



- c) Auditor's remuneration for audit services amounting to £60,000 (2020: £65,000) is included in general and administrative expenses.
- d) Foreign exchange movements (realised and unrealised) included in the Finance costs is as follows:

	<b>31 March 2021</b>	<b>31 March 2020</b>
Foreign exchange realised – loss/(gain)	213,524	(420,842)
Foreign exchange unrealised- loss/(gain)	46,931	1,568,333
<b>Total</b>	<b>260,455</b>	<b>1,147,491</b>

## 10 Other operating income and expenses

### a) Other operating income

	<b>31 March 2021</b>	<b>31 March 2020</b>
Contractual claims payments	9,420,712	-
<b>Total</b>	<b>9,420,712</b>	<b>-</b>

Other operating income represents contractual claims payments from company's customers under the power purchase agreements which were accumulated over several periods.

### Other income

	<b>31 March 2021</b>	<b>31 March 2020</b>
Sale of coal	616,708	462,718
Sale of fly ash	16,271	26,611
Power trading commission and other services	147,166	161,053
Others	1,141,401	17,655
<b>Total</b>	<b>1,921,546</b>	<b>668,037</b>

## 11 Finance costs

Finance costs are comprised of:

	<b>31 March 2021</b>	<b>31 March 2020</b>
Interest expenses on borrowings	5,848,895	9,289,625
Net foreign exchange loss (Note 9)	260,455	1,147,491
Other finance costs	693,787	1,058,020
<b>Total</b>	<b>6,803,137</b>	<b>11,495,136</b>

Other finance costs include charges and cost related to LC's for import of coal and other charges levied by banks on transactions

## 12 Finance income

Finance income is comprised of:

	<b>31 March 2021</b>	<b>31 March 2020</b>
Interest income on bank deposits and advances	401,194	1,943,132
Profit on disposal of financial instruments*	467,245	19,560
<b>Total</b>	<b>868,439</b>	<b>1,962,692</b>

\*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 2021 and 2020 is as follows:

	31 March 2021	31 March 2020
Accounting profit before taxes	21,560,626	14,504,501
Enacted tax rates	34.94%	34.94%
Tax expense / (benefit) on profit / (loss) at enacted tax rate	7,534,145	5,068,453
Exempt Income due to tax holiday	(161,808)	(22,896)
Foreign tax rate differential	487,920	(327,343)
Unused tax losses brought forward and carried forward	1,216,052	(993,226)
Non-taxable items	(216,590)	-
MAT credit entitlement	(412,019)	(397,088)
<b>Actual tax for the period</b>	<b>8,447,699</b>	<b>3,327,899</b>

	31 March 2021	31 March 2020
Current tax	412,513	788,430
Deferred tax	8,035,186	3,532,694
Total tax expenses on income from continued operations	8,447,699	4,321,124
Add: tax on income from discontinuing operations	-	(993,226)
<b>Tax reported in the statement of comprehensive income</b>	<b>8,447,699</b>	<b>3,327,899</b>

The Company is subject to Isle of Man corporate tax at the standard rate of zero percent. As such, the Company's tax liability is zero. Additionally, the Isle of Man does not levy tax on capital gains. However, considering that the Group's operations are primarily based in India, the effective tax rate of the Group has been computed based on the current tax rates prevailing in India. Further, a substantial portion of the profits of the Group's India operations are exempt from Indian income taxes being profits attributable to generation of power in India. Under the tax holiday the taxpayer can utilize an exemption from income taxes for a period of any ten consecutive years out of a total of fifteen 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 17.47% (31 March 2020: 17.47%).

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.

Deferred income tax for the Group at 31 March 2021 and 2020 relates to the following:

	31 March 2021	31 March 2020
Deferred income tax assets		
Unused tax losses brought forward and carried forward	-	1,216,052
MAT credit entitlement	12,374,534	11,962,515
	<u>12,374,534</u>	<u>13,178,567</u>
Deferred income tax liabilities		
Property, plant and equipment	25,368,905	18,902,358
	<u>25,368,905</u>	<u>18,902,358</u>
<b>Deferred income tax liabilities, net</b>	<b>12,994,371</b>	<b>5,723,791</b>

Movement in temporary differences during the year

Particulars	As at 01 April 2020	Deferred tax Asset/(Liability) for the year	Classified as		As at 31 Mar 2021
			(Asset) / Liability held for sale	Translation adjustment	
Property, plant and equipment	(18,902,358)	-	(6,466,547)	-	(25,368,905)
Unused tax losses brought forward and carried forward	1,216,052	-	(1,216,052)	-	-
MAT credit entitlement	11,962,515	412,019	-	-	12,374,534
<b>Deferred income tax (liabilities) / assets, net</b>	<b>(5,723,791)</b>	<b>412,019</b>	<b>(7,682,599)</b>	<b>-</b>	<b>(12,994,371)</b>

Particulars	As at 01 April 2019	Deferred tax Asset/(Liability) for the year	Classified as		As at 31 Mar 2020
			(Asset) / (Liability) held for sale	Translation adjustment	
Property, plant and equipment	(15,161,594)	(2,936,557)	(993,226)	189,018	(18,902,358)
Unused tax losses brought forward and carried forward	1,216,052	-	-	-	1,216,052
MAT credit entitlement	11,565,427	397,088	-	-	11,962,515
<b>Deferred income tax (liabilities) / assets, net</b>	<b>(2,380,115)</b>	<b>(2,539,468)</b>	<b>(993,226)</b>	<b>189,018</b>	<b>(5,723,791)</b>

In assessing the recoverability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization 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 realizable, 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 up to 31 March 2021. 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 2021 and 2020, 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**

<b>At 31 March 2019</b>	<b>852,624</b>
Additions	-
Exchange adjustments	(25,559)
<b>At 31 March 2020</b>	<b>827,065</b>
<b>At 31 March 2020</b>	<b>827,065</b>
Additions	-
Exchange adjustments	(63,470)
<b>At 31 March 2021</b>	<b>763,595</b>
<b>Accumulated depreciation and impairment</b>	
<b>At 31 March 2019</b>	829,021
Charge for the year	14,327
Exchange adjustments	(25,329)
<b>At 31 March 2020</b>	<b>818,020</b>
<b>At 31 March 2020</b>	<b>818,020</b>
Charge for the year	6,209
Exchange adjustments	(63,028)
<b>At 31 March 2021</b>	<b>761,201</b>
<b>Net book value</b>	
<b>At 31 March 2021</b>	<b>2,394</b>
<b>At 31 March 2020</b>	<b>9,045</b>

## 15 Property, plant and equipment

The property, plant and equipment comprises of:

	Land & Buildings	Power stations	Other plant & equipment	Vehicles	Solar assets	Asset under construction	Total
<b>Cost</b>							
<b>At 1 April 2019</b>	<b>5,007,901</b>	<b>222,961,054</b>	<b>1,773,269</b>	<b>2,417,413</b>	-	<b>4,285,864</b>	<b>236,445,501</b>
Additions	-	294,954	165,831	10,958	-	82,815	554,559
Transfer on capitalisation	3,903,256	56,168	-	-	-	(3,959,424)	-
Exchange adjustments	(145,667)	(6,689,809)	(52,848)	(72,290)	-	(128,479)	(7,089,093)
<b>At 31 March 2020</b>	<b>8,765,490</b>	<b>216,622,367</b>	<b>1,886,252</b>	<b>2,356,081</b>	-	<b>280,776</b>	<b>229,910,967</b>
<b>At 1st April 2020</b>	<b>8,765,490</b>	<b>216,622,367</b>	<b>1,886,252</b>	<b>2,356,081</b>	-	<b>280,776</b>	<b>229,910,967</b>
Additions	271,158	318,038	24,375	134,659	-	36,206	784,436
Transfers on capitalisation	13,598	159,120	-	-	-	(172,718)	-
Sale/disposals	-	-	-	(1,561,762)	-	-	(1,561,762)
Exchange adjustments	(661,265)	(16,639,299)	(143,908)	(180,354)	-	(21,547)	(17,646,373)
<b>At 31 March 2021</b>	<b>8,388,982</b>	<b>200,460,226</b>	<b>1,766,719</b>	<b>748,624</b>	-	<b>122,717</b>	<b>211,487,267</b>
<b>Accumulated depreciation and impairment</b>							
<b>At 1 April 2019</b>	<b>45,030</b>	<b>30,171,648</b>	<b>634,011</b>	<b>1,491,921</b>	-	-	<b>32,342,610</b>
Charge for the year	12,981	5,603,791	272,110	389,825	-	-	6,278,707
Exchange adjustments	(2,410)	(1,091,777)	(28,050)	(57,509)	-	-	(1,179,746)
<b>At 31 March 2020</b>	<b>55,601</b>	<b>34,683,662</b>	<b>878,072</b>	<b>1,824,237</b>	-	-	<b>37,441,572</b>
<b>At 1 April 2020</b>	<b>55,601</b>	<b>34,683,662</b>	<b>878,072</b>	<b>1,824,237</b>	-	-	<b>37,441,572</b>
Charge for the year	12,081	5,230,238	262,333	194,677	-	-	5,699,329
Sale/disposals	-	-	-	(1,263,537)	-	-	(1,263,537)
Exchange adjustments	(6,363)	(2,874,452)	(77,955)	(147,367)	-	-	(3,106,137)
<b>At 31 March 2021</b>	<b>61,319</b>	<b>37,039,448</b>	<b>1,062,450</b>	<b>608,010</b>	-	-	<b>38,771,227</b>
<b>Net book value</b>							
<b>At 31 March 2021</b>	<b>8,327,663</b>	<b>163,420,778</b>	<b>704,269</b>	<b>140,614</b>	-	<b>122,717</b>	<b>172,716,040</b>
<b>At 31 March 2020</b>	<b>8,709,889</b>	<b>181,938,705</b>	<b>1,008,180</b>	<b>531,845</b>	-	<b>280,776</b>	<b>192,469,395</b>

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

	31 March 2021	31 March 2020
Freehold land	7,917,345	8,134,867
Buildings	410,318	405,387
	<b>8,327,663</b>	<b>8,540,254</b>

Property, plant and equipment with a carrying amount of £169,111,804 (2020: £187,757,094) is subject to security restrictions (refer note 22).

## 16 Other Assets

	31 March 2021	31 March 2020
<b>A. Short-term</b>		
Capital advances	124,601	114,084
Financial instruments measured at fair value through P&L	13,253,663	741,425
Advances and other receivables	4,427,290	5,461,226
<b>Total</b>	<b>17,805,554</b>	<b>6,316,735</b>
<b>B. Long-term</b>		
Lease deposits	-	492,973
Bank deposits	57,713	
Other advances	12,140	16,655
<b>Total</b>	<b>69,853</b>	<b>509,628</b>

The financial instruments of £13,253,663 represent investments in mutual funds and their fair value is determined by reference to published data.

## 17 Trade and other receivables

	31 March 2021	31 March 2020
<b>Current</b>		
Trade receivables	14,829,989	26,901,986
	<b>14,829,989</b>	<b>26,901,986</b>

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 28 "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.

## 18 Inventories

	31 March 2021	31 March 2020
Coal and fuel	11,228,377	10,505,138
Stores and spares	958,267	974,961
<b>Total</b>	<b>12,186,644</b>	<b>11,480,099</b>

The entire amount of above inventories has been pledged as security for borrowings (refer note 22)

## 19 Cash and cash equivalents and Restricted cash

### a. Cash and short term deposits comprise of the following:

	31 March 2021	31 March 2020
Investment in Mutual funds	1,815,629	-
Cash at banks and on hand	7,105,324	3,438,830
<b>Total</b>	<b>8,920,952</b>	<b>3,438,830</b>

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

Current restricted cash represents deposits maturing between three to twelve months amounting to £3,219,356 (2020: £7,497,967) which have been pledged by the Group in order to secure borrowing limits with the banks.

Non-current restricted represents investments in mutual funds maturing after twelve months amounting to £8,194,412 (2020: £26,645). Investments of £8,182,445 (2020: nil) are allocated to debenture redemption fund earmarked towards redemption of non-convertible debentures scheduled during FY2024 of £19,840,089

## 20 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 nil (2020:12,823,311) shares during the year with respect to scrip dividend at par value of £ nil (2020: £0.000147) per share amounting to £ nil (2020: £1,885). During FY20 the difference between fair value of shares issued above par value of £2,325,567 with respect to scrip dividend was credited to share premium.

As at 31 March 2021, the Company has an authorised and issued share capital of 400,733,511 (2020: 400,733,511) equity shares at par value of £ 0.000147 (2020: £ 0.000147) per share amounting to £58,909 (2020: £58,909) 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 reserve 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 re-measurement 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.

## 21 Share based payments

### **Long Term Incentive Plan**

In April 2019, the Board of Directors approved the introduction of Long Term Incentive Plan ("LTIP"). The key terms of the LTIP are:

The number of performance-related awards is 14 million ordinary shares (the "LTIP Shares") (representing approximately 3.6 per cent of the Company's issued share capital). In addition to three executive directors, additional members of the senior management team will be included within the LTIP. The grant date is 24 April 2019.

The LTIP Shares were awarded to certain members of the senior management team as Nominal Cost Shares and will vest in three tranches subject to continued service with Group until vesting and meeting the following share price performance targets, plant load factor ("PLF") 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 nominal cost of performance share, i.e. upon the exercise of awards, individuals will be required to pay up 0.0147p per share to exercise their awards

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.

In April 2020, and upon meeting relevant performance targets, 2,190,519 LTIP shares vested (80% of the 1st tranche). These shares will be issued later this year.

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.

For LTIP Shares awards, £535,247 (FY20: 835,822) has been recognised in General and administrative expenses.

Grant date	24-Apr-19	24-Apr-19	24-Apr-19
Vesting date	24-Apr-20	24-Apr-21	24-Apr-22
Method of Settlement	Equity/ Cash	Equity/ Cash	Equity/ Cash
Vesting of shares (%)	20%	40%	40%
Number of LTIP Shares granted	2,800,000	5,600,000	5,600,000
Exercise Price (pence per share)	0.0147	0.0147	0.0147
Fair Value of LTIP Shares granted (pence per share)	0.1075	0.1217	0.1045
Expected Volatility (%)	68.00%	64.18%	55.97%

## 22 Borrowings

The borrowings comprise of the following:

	Interest rate (range %)	Final maturity	31 March 2021	31 March 2020
Borrowings at amortised cost	10.35-11.40	June 2024	26,770,564	56,827,685
Non-Convertible Debentures at amortised cost	9.85		19,840,089	-
<b>Total</b>			<b>46,610,653</b>	<b>56,827,685</b>

The term loans of £20.3m, non-convertible debentures of £19.8m and working capital loans of £6.5m taken by the Group are fully secured by the property, plant, assets under construction and other current assets of subsidiaries which have availed such loans. All term loans and working capital loans are personally guaranteed by a director.

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 2021, the Group has met all the relevant covenants. Further, the Group raised approximately GBP 19.8 million (₹2000 million) during June 2020 through non-convertible debentures (NCDs) issue with a three years term and coupon rate of 9.85%. NCD's proceeds was used to repay the FY21 and FY22 (i.e. to March 2022) principal term loans obligations. This will substantially release the cash flow burden for next two financial years on account of loan repayment obligations (Note 5(a)).

The fair value of borrowings at 31 March 2021 was £46,610,653 (2020: £56,827,685). 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 2021	31 March 2020
<b>Current liabilities</b>		
Amounts falling due within one year	4,510,358	23,746,229
<b>Non-current liabilities</b>		
Amounts falling due after 1 year but not more than 5 years	42,100,295	33,081,456
<b>Total</b>	<b>46,610,653</b>	<b>56,827,685</b>

## 23 Trade and other payables

	31 March 2021	31 March 2020
<b>Current</b>		
Trade payables	32,368,058	41,455,004
Creditors for capital goods	128,777	208,985
<b>Total</b>	<b>32,496,835</b>	<b>41,663,989</b>
<b>Non-current</b>		
Other payables	607,702	169,373
<b>Total</b>	<b>607,702</b>	<b>169,373</b>

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 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.

## 24 Related party transactions

### Key Management Personnel:

Name of the party	Nature of relationship
Arvind Gupta	Chairman
Avantika Gupta	Chief Operating Officer & Director
Dmitri Tsvetkov	Chief Financial Officer & Director
Jeremy Warner Allen	Deputy Chairman
Mike Grasby (from February 2021)	Director
Jeremy Beeton (resigned in March 2020)	Director
N Kumar (from November 2019)	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	Associates
Mayfair Renewable Energy (I) Private Limited	Associates
Avanti Renewable Energy Private Limited	Associates
Brics Renewable Energy Private Limited	Associates
Samriddhi Bubna	Relative of Key Management Personnel

### Summary of transactions with related parties

Name of the party	31 March 2021	31 March 2020
Remuneration to Samriddhi Bubna (from June 2020)	25,847	-
Sale of solar modules:		
a) Avanti Solar Energy Private Limited	198,299	-
b) Mayfair Renewable Energy (I) Private Limited	79,496	-

During the year Samriddhi Solar Power LLP and OPG Surya Vidyut LLP have been deconsolidated consequent to the Group withdrawing from the LLP.

### Summary of balance with related parties

Name of the party	Nature of balance	31 March 2021	31 March 2020
Padma Shipping Limited	Investment	3,448,882	3,448,882
Padma Shipping Limited	Advances	1,727,418	1,727,418
Padma Shipping Limited	Impairment provision	(5,176,300)	(5,176,300)
Ravi Gupta	Land Lease Deposit	-	492,973
Avanti Solar Energy Private Limited	Investment	4,766,864	-
Avanti Solar Energy Private Limited	Trade payable	(67,391)	-
Avanti Solar Energy Private Limited	Advance	6,022	-
Mayfair Renewable Energy (I) Private Limited	Investment	5,352,890	-
Mayfair Renewable Energy (I) Private Limited	Trade payable	(51,294)	-
Mayfair Renewable Energy (I) Private Limited	Advance	7,242	-
Avanti Renewable Energy Private Limited	Investment	5,895,541	-
Avanti Renewable Energy Private Limited	Trade payable	(147,583)	-
Avanti Renewable Energy Private Limited	Advance	9,047	-
Brics Renewable Energy Private Limited	Investment	410,073	-
Brics Renewable Energy Private Limited	Advance	298	-

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 solar entities classified as Asset Held for Sale (loans outstanding £23,300,131 (2020: £28,261,524)) and corporate guarantee to a director for his personal guarantees with respect to the Group's and associate solar entities' loans. For the year ended 31 March 2021, the Group has made



impairment provision for investments in joint venture £Nil (2020: £918,432) (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.

A director personally guaranteed loans of an associate solar entity (loan outstanding £7,412,554 (2020: £9,372,074)) which is classified as Asset Held for Sale. Group's loans of £25,368,634 (2020: £56,817,858) are personally guaranteed by a director.

## 25 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 2021 or 2020).

The Company has issued LTIP over ordinary shares which could potentially dilute basic earnings per share in the future.

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 2021	31 March 2020
Weighted average number of shares used in basic earnings per share	400,733,511	390,923,328
Shares deemed to be issued for no consideration in respect of share based payments	2,190,519	2,190,519
Weighted average number of shares used in diluted earnings per share	<b>402,924,030</b>	<b>393,113,847</b>

## 26 Directors remuneration

Name of directors	31 March 2021	31 March 2020
Arvind Gupta	-	500,000
Avantika Gupta	60,000	120,000
Dmitri Tsvetkov	150,000	240,000
Jeremy Warner Allen	25,000	50,000
N Kumar (from November 2019)	22,500	15,000
Mike Grasby (till November 2019 in FY20 and from February 2021 in FY21)	2,562	33,750
Jeremy Beeton (resigned in March 2020)	-	43,270
<b>Total</b>	<b>260,062</b>	<b>1,002,020</b>

As part of the COVID-19 response, the Company has implemented various cost reduction and efficiency improvement measures to conserve cash and improve liquidity, including a voluntary 100 per cent salary reduction for the Chairman and voluntary reductions up to 50 per cent in compensation for the Executive and Non-Executive Directors for FY21.

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

## 27 Commitments and contingencies

### Operating lease commitments

The Group leases office premises under operating leases. The leases typically run for a period up to 5 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 2021	31 March 2020
Not later than one year	-	46,095
Later than one year and not later than five years	-	64,254
Later than five years	-	-
<b>Total</b>	<b>-</b>	<b>110,349</b>

Recognition of a right of use asset and a lease liability is not material and instead charge of £ Nil (2020: £55,292) has been recognised as an expense for leases.

### Contingent liabilities

Disputed income net tax demand £816,358 (2020: £1,021,210).

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 and letter of credits (LC) to customers and vendors in the normal course of business. The LC provided as at 31 March 2021: £20,167,583 (2020: £30,912,751) and Bank Guarantee (BG) as at 31 March 2021: £2,575,878 (2020: £3,167,066). LC 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 solar entities classified as Asset Held for Sale of £23,300,131(2020: £28,261,524). Working capital facilities limits, LCs and BGs are personally guaranteed by a director. BG are treated as contingent liabilities until such time it becomes probable that the Company will be required to make a payment under the guarantee. The Company provided a corporate guarantee to a director for his personal guarantees with respect to the Group's and associate solar entities' loans.

### **28 Financial risk management objectives and policies**

The Group's principal financial liabilities, comprises of 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 hold 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, financial assets measured at FVPL.

The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020

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 2021, 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 2021 and 31 March 2020, 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 2021 would decrease or increase by £466,107 (2020: £568,277).

#### **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 Great Britain £. 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.

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:

Currency	As at 31 March 2021		As at 31 March 2020	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
United States Dollar (USD)	60,158	27,733,983	4,275,436	30,575,559

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:

Currency	As at 31 March 2021		As at 31 March 2020	
	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)	73.37	2,012,662	75.10	2,122,208

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. Further, the global economy has been severely impacted by the global pandemic Covid-19 (Note 5(a)).

The maximum exposure for credit risk at the reporting date is the carrying value of each class of financial assets amounting to £33,269,104 (2020: £33,986,093) and corporate guarantees issued to lenders of its solar entities classified as Asset Held for Sale of £23,300,131 (2020: £28,261,524).

The Group has exposure to credit risk from accounts receivable balances on sale of electricity. The operating entities of the group has entered into power purchase agreements with distribution companies incorporated by the Indian state government (TANGEDCO) to provide the electricity generated therefore the group is committed to providing power to captive power shareholders and other 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 captive power shareholders and customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. It is Group policy to assess the credit risk of new captive power shareholders and other customers before entering contracts and to obtain credit information during the power purchase agreement to highlight potential credit risks. The Group have established a credit policy under which captive power shareholders and customers are analysed for credit worthiness before power purchase agreement is signed. The Group's review includes external ratings, when available, and in some cases bank references. The credit worthiness of captive power shareholders and other customers to which the Group grants credit in the normal course of the business is monitored regularly and incorporates forward looking information and data available. The receivables outstanding at the year end are reviewed till the date of signing the financial statements in terms of recoveries made and ascertain if any credit risk has increased for balance dues. Further, the macro economic factors and specific customer industry status are also reviewed and if required the search and credit worthiness reports, financial statements are evaluated. 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 anymore and a failure to make contractual payments for a period of greater than 180 days.

31 March 2021	Within Credit period	Days past due			
		More than 30 days	More than 60 days	More than 180 days	Total
Expected General loss allowance rate	0%	0%	0%	33.02%	-
Gross carrying amount - Trade Receivables -TANGEDCO	1,651,140	1,686,225	2,218,844	15,097,765	20,653,974
Gross carrying amount - Trade Receivables -Others	7,862,837	1,154,009	460,326	5,831,930	15,309,103
General loss allowance <sup>1</sup>	-	--	252,404	6,910,677	7,163,081
Specific loss allowance <sup>1</sup>	-	-	-	13,970,007	13,970,007
Total loss allowance	-	-	252,404	20,880,684	21,133,088

<sup>1</sup> There has been significant increase in loss allowance in FY20 £17 million (FY19: £0.8 million) primarily on account of contractual claim made on customer towards change in law as per Power Purchase Agreement of £6.4 million, tariff discount dispute of £7.5 million and change in credit risk of customer constituting general loss allowance of £3.1 million.

31 March 2020	Within Credit period	Days past due			
		More than 30 days	More than 60 days	More than 180 days	Total
Expected General loss allowance rate	0%	0%	0%	17.21%	-
Gross carrying amount - Trade Receivables -TANGEDCO	2,378,240	3,953,961	5,310,071	18,734,652	<b>30,376,924</b>
Gross carrying amount - Trade Receivables -Others	7,824,720	608,495	889,434	5,310,446	<b>14,633,095</b>
General loss allowance <sup>1</sup>				4,138,025	<b>4,138,025</b>
Specific loss allowance <sup>1</sup>				13,970,007	<b>13,970,007</b>
Total loss allowance	-	-	-	18,108,033	<b>18,108,033</b>

<sup>1</sup> There has been significant increase in loss allowance in FY20 £17 million (FY19 £0.8 million) primarily on account of contractual claim made on customer towards change in law as per Power Purchase Agreement of £6.4 million, tariff discount dispute of £7.5 million and change in credit risk of customer constituting general loss allowance of £3.1 million.

The closing loss allowances for trade receivables as at 31 March 2021 reconcile to the opening loss allowances as follows:

	31 March 2021	31 March 2020
Opening loss allowance as at 1 April	(18,108,033)	(1,061,553)
Increase in loss allowance recognised in profit or (loss) during the year for new receivables recognised	(3,025,055)	(17,046,480)
Total	<b>(21,133,088)</b>	<b>(18,108,033)</b>

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.

The following is an analysis of the group contractual undiscounted cash flows payable under financial liabilities at 31 March 2021 and 31 March 2020:

#### As at 31 March 2021

	Current	Non-Current		Total
	Within 12 months	1-5 years	Later than 5 years	
Borrowings	4,510,358	22,260,206	-	26,770,564
Non-Convertible Debentures	-	19,840,089	-	19,840,089
Interest on borrowings	6,803,137	7,816,034	-	14,619,171
Trade and other payables	32,495,799	607,702	-	33,103,501
Liabilities held for sale				
Other current liabilities	1,226,309	-	-	1,226,309
<b>Total</b>	<b>45,035,603</b>	<b>50,524,031</b>	<b>-</b>	<b>95,559,634</b>

#### As at 31 March 2020

	Current	Non-Current		Total
	Within 12 months	1-5 years	Later than 5 years	
Borrowings	23,746,229	33,081,456	-	56,827,685
Interest on borrowings	6,595,187	10,464,236	-	17,059,422
Trade and other payables	41,663,989	169,373	-	41,833,362
Liabilities held for sale	32,866,783	-	-	32,866,783
Other current liabilities	582,240	-	-	582,240
<b>Total</b>	<b>105,454,428</b>	<b>43,715,065</b>	<b>-</b>	<b>149,169,492</b>

### 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:

- Ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value
- Ensure the Group's ability to meet both its long-term and short-term capital needs as a going concern;
- 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 end 31 March 2021 and 31 March 2020.

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 Group or entities, whether statutory or otherwise.

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

	31 March 2021	31 March 2020
Total equity	161,567,070	158,503,833
Less: Cash and cash equivalents	(8,920,952)	(3,438,830)
<b>Capital</b>	<b>152,646,118</b>	<b>155,065,003</b>
Total equity	161,567,070	158,503,833
Add: Borrowings	46,610,653	56,827,685
<b>Overall financing</b>	<b>208,177,723</b>	<b>215,331,518</b>
<b>Capital to overall financing ratio</b>	<b>0.73</b>	<b>0.72</b>

### 29 Summary of financial assets and liabilities by category and their fair values

	Carrying amount		Fair value	
	March 2021	March 2020	March 2021	March 2020
<b>Financial assets</b>				
<b>Debt instruments measured at amortised cost</b>				
Cash and cash equivalents <sup>1</sup>	8,920,952	3,438,830	8,920,952	3,438,830
Restricted cash <sup>1</sup>	11,413,768	7,524,612	11,413,768	7,524,612
Current trade receivables <sup>1</sup>	14,829,989	26,901,986	14,829,989	26,901,986
Other long-term assets	69,853	509,628	69,853	509,628
Other short-term assets	2,736,262	5,575,310	2,736,262	5,575,310
<b>Financial instruments measured at fair value through profit or loss</b>				
Other short term assets (Note (7)(c)) and restricted cash (Note19)	15,069,292	741,425	15,069,292	741,425
	<b>53,040,116</b>	<b>44,691,791</b>	<b>53,040,116</b>	<b>44,691,791</b>
<b>Financial liabilities</b>				
Term loans <sup>2</sup>	26,770,564	80,364,930	26,770,564	80,364,930
Non-Convertible Debentures <sup>2</sup>	19,840,089	-	19,840,089	-
Current trade and other payables <sup>1</sup>	32,495,799	45,474,814	32,495,799	45,474,814
Provision for pledged deposits	-	12,627,381	-	12,627,381
Non-current trade and other payables <sup>2</sup>	607,702	14,235,485	607,702	14,235,485
	<b>79,714,154</b>	<b>152,702,610</b>	<b>79,714,154</b>	<b>152,702,610</b>

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. an 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 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).

<b>Financial instruments measured at fair value through profit or loss</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>2021</b>				
Quoted securities	15,069,292	-	-	15,069,292
<b>Total</b>	<b>15,059,292</b>	-	-	<b>15,069,292</b>
<b>2020</b>				
Quoted securities	700,972	-	40,453	741,425
<b>Total</b>	<b>700,972</b>	-	<b>40,453</b>	<b>741,425</b>

There were no transfers between Level 1 and 2 in the period. Investments in mutual funds are valued at closing net asset value (NAV).

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 (CFO).

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.

## **Corporate Directory**

### **Nominated Adviser and Broker**

Cenkos Securities Plc  
6-7-8 Tokenhouse Yard  
London  
EC2R 7AS

### **Financial PR**

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London  
EC3V 3ND

### **Administrators and Company Secretary**

FIM Capital Limited  
(Formerly IOMA Fund and Investment Management Limited)  
55 Athol Street  
Douglas  
Isle of Man  
IM1 1LA

### **Auditors**

BDO LLP  
Arcadia House  
Maritime Walk  
Ocean Village  
Southampton  
SO143TL

### **Registrars**

Link Market Services (Isle of Man) Limited  
Clinch's House  
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Douglas  
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IM99 1R

### **Legal advisers**

Dougherty Quinn  
The Chambers  
5 Mount Pleasant  
Douglas  
Isle of Man  
IM1 2PU

## Definitions & Glossary

**Act:** Isle of Man Companies Act 2006

**Adjusted EBITDA:** is a measure of a business' cash generation from operations before depreciation, interest and exceptional and non-standard or non-operational charges, e.g. share based compensation, etc.

**AGM:** Annual General Meeting

**AIM:** Alternative Investment Market of the London Stock Exchange

**APC:** Auxiliary Power Consumption

**BG:** Bank Guarantee

**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

**Captive power shareholders:** Captive shareholders of OPG Power Generation Private Limited

**CCR:** Coal Combustion Residue

**CEA:** Central Electricity Authority

**CFO:** Chief Financial Officer

**CO:** Carbon Monoxide

**COO:** Chief Operating Officer

**Company or OPG or OPGPV or parent:** OPG Power Ventures Plc

**CY:** Calendar Year

**DDUGJY:** Deen Dayal Upadhyay Gram Jyoti Yojana scheme

**Discom:** Distribution Company (of the State Electricity Utility)

**EHS:** Environment, Health and Safety

**Electricity Act:** Indian Electricity Act 2003 as amended

**EPS:** Earnings per share

**ESOP:** Employee Stock Options Plan

**FRC:** Financial Reporting Council

**FTSE:** Financial Times Stock Exchange

**ExCo:** Executive Committee

**FDI:** Foreign Direct Investment

**FVPL:** Fair Value through Profit or Loss

**FY:** Financial year from 1 April to 31 March

**GCPP:** Group Captive Power Plant

**GDP:** Gross Domestic Product

**GHG:** Green House Gas

**Government or GOI:** Government of India

**GP:** Gross Profit

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

**GRI:** Global Reporting Initiative

**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

**HIRA:** Hazard Identification and Risk Assessment

**HSE:** Health, Safety and Environment

**IAS:** International Accounting Standards

**IEA:** International Energy Agency

**IFRS:** International Financial Reporting Standards as issued by the International Accounting Standards Board

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

**IPDS:** Integrated Power Development Scheme

**ISAs (UK):** International Standards on Auditing (UK)

**JV:** Joint Venture



**kWh:** Kilowatt hour is one unit of electricity  
**LC:** Letter of Credits  
**LOI:** Letter of Intent  
**LSE:** London Stock Exchange plc  
**LTIP:** Long Term Incentive Plan  
**LTOA:** Long Term Open Access  
**LTVT:** Long Term Variable Tariff  
**MAR:** Market Abuse Regime regulation  
**MAT:** Minimum Alternative Tax  
**MoU:** Memorandum of Understanding  
**MSME:** Micro, Small and Medium Enterprises  
**mt:** Million tonnes  
**MW:** Megawatt is 1,000 kilowatts  
**MWh:** Megawatt hour  
**NCDs:** Non-convertible debentures  
**Net Debt / Net Borrowings:** Total borrowings minus cash & current & non-current investments in mutual funds  
**NITI Aayog:** National Institution for Transforming India  
**Nox:** Nitrogen Oxides  
**O&M:** Operating and Management  
**PAT:** Profit After Tax  
**PBT:** Profit Before Tax  
**PLF:** Plant Load Factor  
**PPA:** Power Purchase Agreement  
**PSA:** Power Supply Agreement  
**PTW:** "Permit- To-Work" system  
**QCA:** Quoted Companies Alliance  
**RES:** Renewable Energy Source  
**RBI:** Reserve Bank of India  
**ROE:** Return on Equity  
**RST:** Reverse Stress Test  
**Rupees/INR or Rs:** Indian Rupee, the lawful currency of India  
**SASB:** Sustainability Accounting Standards Board  
**SAUBHAGYA:** The Pradhan Mantri Sahaj Bijli Har Ghar Yojana scheme  
**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:** Quoted Companies Alliance's code of corporate governance  
**TRIR:** Total Recordable Incident Report  
**UDAY:** Ujwal DISCOM Assurance Yojana, the financial turnaround and revival package for DISCOMs initiated by the Government of India  
**UN SDGs:** the United Nations Sustainable Development Goals  
**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