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The change in valuation allowance is INR 10,513,293 and INR 33,720,277 during the year ended December 31, 2014 and December 31, 2013, respectively.

The 2014 and 2013 tax years remain open to examination by tax authorities.

The Companies have recognized tax benefits only for tax positions that are more likely than not to be sustained upon examination by tax authorities. As of December 31, 2014 and 2013, the total unrecognized tax benefits amounted to INR 13,900,766 and INR 13,900,766, respectively, towards tax benefits and deductibility of expenses which result in a reduction of unabsorbed depreciation carryforwards. The gross amount of increase in unrecognized tax benefits is INR Nil and INR 12,946,162 during the years ended December 31, 2014 and December 31, 2013, respectively relating to current year tax positions. These unrecognized tax benefits, if recognised, would affect the effective tax rate. Given the expectation that the carryforwards would be expected to be utilized during the tax holiday periods, these unrecognized tax benefits would have no overall tax impact.

**9. Related parties****Management and technical fees**

The Companies entered into a Technical and Management Services Agreement with FERSA, whereby FERSA will provide technical and management services such as provision of financial services, advising and supporting on day to day operational issues and provision and coordination of legal and tax advice, primarily on a cost-reimbursement basis, plus a 7.5% fee on arm length's basis. Costs incurred for these services were INR 28,725,599 and INR 8,004,659 for the years ended December 31, 2014 and 2013, respectively. Related amounts were reported as cost of operations in the combined statements of income and were reflected in operating activities in the combined statements of cash flows. Amounts payable to FERSA (included in 'Due to related parties') in respect of the above management and technical fees is INR 6,412,042 and INR 8,004,659 as at December 31, 2014 and 2013, respectively.

**Net parent investment**

Net parent investment account represents common stock and additional paid in capital of ENRE, GEI and ENWP, net of intercompany investments.

Holders of common stock are entitled to one vote per share, and to receive dividends and, upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders. The holders have no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

**10. Commitments and contingencies**

From time to time, the Companies have become involved in claims and legal matters arising in the ordinary course of business. Management is not currently aware of any matters that will have a material adverse effect on the financial position, results of operations, or cash flows of the Companies.

**Contingency**

There are certain pending matters relating to the sub-lease of /rights in certain portions of lands for one of the projects in which the lessor holds lease rights. The sub-lease is subject approvals from certain government authorities. The project company believes that there are no irregularities in its right to use the land and based on the opinion of its legal counsel believes that the likelihood of an unfavourable outcome of its lease rights of the said land is not probable. In addition, the Company believes that no further settlement or any significant additional liability is expected on account of such matters pending resolution.

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