KSK
Power from knowledge

ANNUAL REPORT 2013-14

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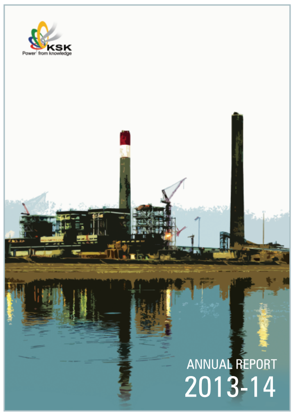


BUSINESS REVIEW

KSK Mahanadi, Chhattisgarh

GOVERNANCE

FINANCIAL INFORMATION

01 Operational Highlights

1472 MW
Operating capacity

Operating capacity

3600 MW
KSK Mahanadi

First unit of 600 MW operational

Second 600 MW anticipated to operate shortly

Balance 4 units of 600 MW each under active construction

Support Infrastructures

Commissioning of vital common infrastructure, additional infrastructure under progress

10 MW
Solar Power Initiatives

10 MW Solar power generation project commissioned

New Solar and Wind power generation projects under pursuit

5+GW
Potential Opportunities

Hydro/Thermal opportunities potential collaboration for taking up next stage of development

01 Financial Highlights

The year under review had experienced lower than expected performance due to the challenging market conditions including significant depreciation of the Indian Rupee against the US $. Revenue from operations stood at US $ 335.87 million with operating profits and cash generated from operations at $ 58.03 and $ 51.57 million respectively.

REVENUE
335.87 m
2013: 392.8m

CASH GENERATED FROM OPERATION
51.57 m
2013: 136.1m

GROSS PROFIT
91.15 m
2013: 157.22m

OPERATING PROFIT
58.03 m
2013: 120.15m

FINANCE INCOME
35.82 m
2013: 38.30 m

PROFIT / (LOSS) AFTER TAX
(59.02) m
2013: 38.87 m

INVESTMENT IN PPE
3,215.28 m
2013: 3,273.45m

CASH AND BANK DEPOSITS
194.05 m
2013: 305.26m

TOTAL ASSETS
4,016.42 m
2013: 4,054.89m

PROJECT FINANCE
2,153.33 m
2013: 1,908.43m

T.L. Sankar
Chairman

With a production of 1,006 Terawatt-hour (TWh), India is the fifth largest producer and consumer of electricity in the world. The government target of additional capacity of 88 GW by 2017 and further 100 GW in the next 5 year thereafter demonstrates the extra ordinary potential for generation business. Further, energy from renewables also holds promise as energy-starved India is becoming a vibrant market for renewable energy, with revenue on grid parity tariffs. With a new federal government in place, there is renewed hope in the power industry in India and the expectation that the government would take the definitive steps to resolve longstanding issues confronting the power generation business and competitive thermal energy is expected to maintain its position as the backbone of the Indian power sector. This bodes well for a country that has often seen its industrial and economic growth inhibited by a truncated supply of conventional power.

The year 2013-14 witnessed the Company's power plants' aggregate gross generation reaching 6,514 MWhs. With the various challenges at Sai Wardha currently being addressed, and the additional 600 MW soon entering operations at KSK Mahanadi with operating capacity of Mahanadi aggregating to 1200 MW, gross generation in the current year could be significantly higher. These results are in the context of the circumstances across the Indian power sector and the overall challenging times and economic environment in India. The year proved to be a difficult time for the entire power sector in India and the Company's management has continued its efforts to address the various challenges in the operating projects.

As regards resolving the issue of high price coal and seeking reimbursement for the inferior quality of coal at Sai Wardha, a prima facie order for admitting the company's submission and directing an investigation has already been passed during January 2014. A detailed investigation is currently underway by the office of the Director General of Competition Commission of India, and the group is hopeful of being granted the necessary relief in the next few months. In addition efforts on seeking local regulatory intervention on power supplies, enhanced utilisation through appropriate open access arrangements are simultaneously being pursued. Once these are successfully addressed, profitability is expected to revert to the previously achieved levels.

The phased construction of the KSK Mahanadi project is making steady progress, with the first 600 MW unit commissioned during the year. The commencement of fuel supplies under the tapering linkage Fuel Supply Agreement ("FSA") from South Eastern Collieries Limited ("SECL") is expected to have a high and positive impact, leading to enhanced operational profitability. With the second 600 MW unit due to enter operations for a substantial part of the current financial year, internal accruals are anticipated that will provide a robust support for the entire power generation portfolio of the Company. Further, interim coal imports from overseas through appropriate collaborative arrangements will provide sufficient fuel for the planned power generation from KSK Mahanadi.

While coal supplies from the Goa Industries Development Corporation ("GIDC") from the Gare Pelma coal block are anticipated to start during the year, initial progress by Gujarat Mineral Development Corporation ("GMDC") of the Morga-II Coal Block has already commenced post the Forest Clearance accorded during May 2013, the Prospecting License accorded in December 2013 and the in depth prospecting activities commenced in May 2014.

The currency impact due to the significant depreciation of the Rupee against the US Dollar has resulted in considerably greater costs on imported capital goods. The additional debt funding for the KSK Mahanadi power project, to cover the significant USD/INR currency fluctuation on project imports and the extended timelines, has been agreed in principle by the Consortium of Lenders. In this regard, the commitments of the entire consortium are expected to be firmed up on the same lines as the Current Facility Agreements, and are anticipated to be entered into by September/October 2014. In line with the guidance given by the Indian Central Bank, where the progress of infrastructure projects has been affected by factors beyond the control of the project developers, an additional two years would be provided for project completion as well as commencement. The lenders consortium has agreed in principle to recognize the revision of debt repayment and the same is now expected to commence in June 2016 on quarterly basis. This deferment provides additional internal accruals over the next two years and the necessary latitude for additional units to commence operations.

The last two years were very challenging for the company and the power sector as a whole with procedural delays and bottlenecks, fuel supply uncertainties both on quantity and price, artificial constraints on open access. These factors, coupled with slowing economic growth, a high fiscal deficit and significant currency devaluation in India have significantly impacted the immediate term performance of the company and sector as a whole.

The Company's management is focused on moving the various supply chain solutions forward with respect to operational assets, and addressing the on-ground situations to co-ordinate planned generation with fuel supplies for the assets under construction. With the underlying assets, associated performance and opportunities, KSK is well positioned to be one of the more stable, valuable and sustainable players in the Indian power generation landscape and view the future with confidence. KSK's bold growth initiative in these challenging times demonstrates KSK's growth and profitability potential in this key area of the Indian economy upon completion.

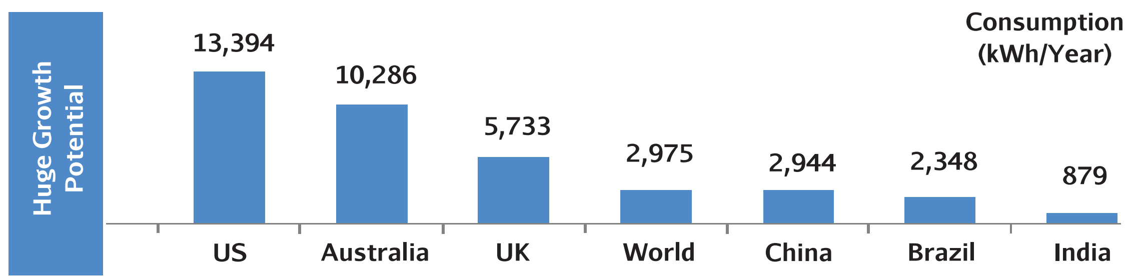
KSK's performance during the year was only possible with the valuable and appreciated support of the various investors in the Company who have enabled us to pursue appropriate business opportunities in these challenging times."

T.L. Sankar

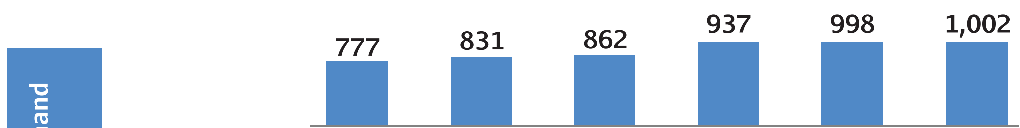
Chairman

03 Market Overview

India's annual per capita power consumption is about 879 kilo watt hours (kWh), which is substantially lower than other developed and developing countries and approximately 30% of the global average as tabulated below

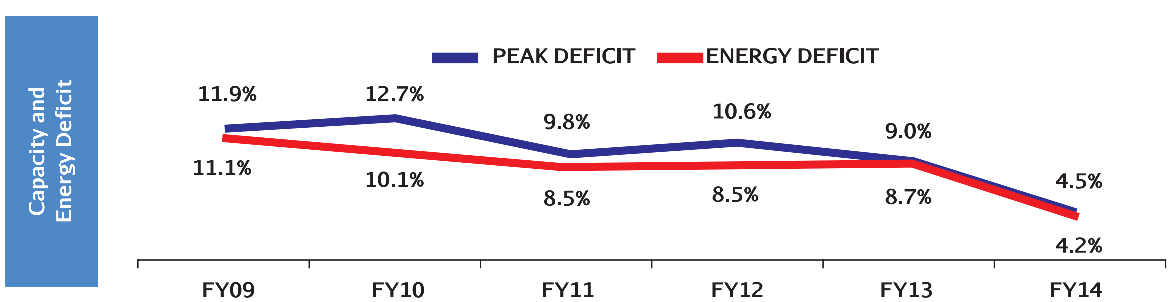


The total power generation in the country during FY14 was 966.378 Billion Units (BUs) and the installed generation capacity in the country, as on 31 March, 2014 was 243 GW. The demand growth is primarily a function of the real GDP growth and moves in tandem as tabulated below.

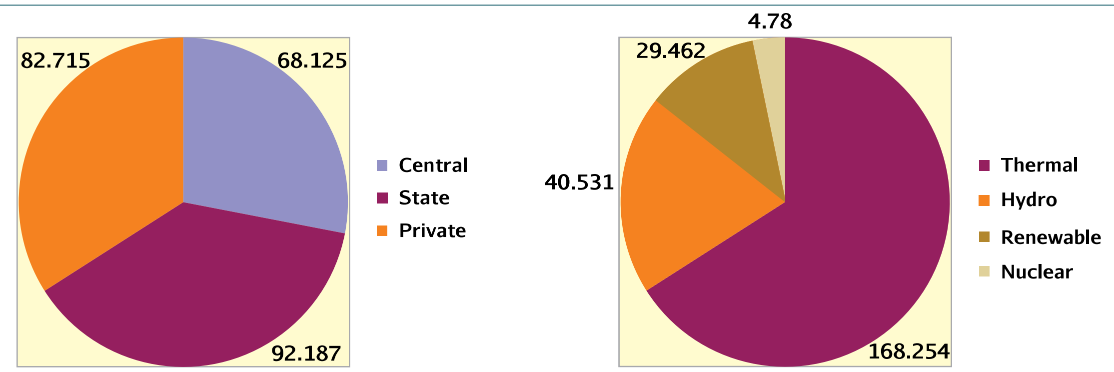


	FY09	FY10	FY11	FY12	FY13	FY14
Real GDP growth	6.7%	8.6%	8.9%	6.7%	4.5%	4.9%
YoY power demand growth	5.1%	6.7%	3.8%	8.6%	5.9%	1.0%
Energy Demand (TWhs)	777	831	862	937	998	1,002

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



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



Power Supply Scenario in FY 2014 - 15

The assessment of the anticipated power supply position in the Country during the year 2014-15 has been made by taking into consideration the power availability from various stations in operation, fuel availability, and anticipated water availability at hydroelectric stations. A capacity addition of 17800 MW during the year 2014-15 comprising 14958 MW of thermal, 842 MW of hydro and 2000 MW of nuclear power stations has been considered. The gross energy generation in the country has been assessed as 1023 BU from the power plants in operation and those expected to be commissioned during the year in consultation with generating companies/ SEBs and take into consideration the proposed maintenance schedule of the units during the year.

Anticipated all India Power Supply Position for the year 2014 - 15

	Energy			Demand		
	Requirement (MU)	Availability (MU)	Surplus/Deficit %	Requirement (MW)	Availability (MW)	Surplus/Deficit %
Northern	328,994	318,837	-3.1	47,570	46,899	-1.4
Western	288,062	289,029	0.3	45,980	52,652	14.5
Southern	298,180	260,366	-12.7	41,677	32,423	-22.2
Eastern	118,663	114,677	-3.4	17,608	17,782	1.0
N-Eastern	14,823	12,248	-17.4	2,543	2,215	-12.9
All India	1,048,672	995,157	-5.1	147,815	144,788	-2.0

Fuel Availability for Power Generation

With about 1, 68,254 MW of the installed capacity, contributed by coal based power plants; coal remains a key fuel for power generation. As per information provided in 12 Plan document (Vol-2), the projected demand for coal in FY17 will be 730 Million Tones, against the likely availability of 550 Million Tones. These figures indicate huge demand supply mismatch for coal availability & coal requirement, which will lead to substantial dependence upon imported coal for the 12 Plan period.

State Distribution Companies' Financial health

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

Prices in Short Term Markets

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

Opportunities

Capitalize on the Growth of the Indian Power Generation Sector

The power sector in India has historically been characterized by power shortages that have worsened over time. According to the CEA, the gap between power demand and supply for the period from April 2013 to March 2014 across India was 6,103 MW. We believe that our power projects will play a role in the growth of the Indian power sector and contribute in achieving the Government of India's vision for the power sector. In addition to the power projects that we are currently operating, constructing or planning, we intend to develop or acquire additional power projects in the future.

Continue to Focus on our Sustainable Business Model

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

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

Concerns

The macroeconomic factors like the growth of the Indian economy, interest rates, as well as the political and economic environment have a significant effect on the business environment and the sector as a whole. New policies have boosted the security of utilities' revenue directly impacting both their willingness and ability to pay for the power purchased.

Adhoc and adverse levies and withholding of funds by the government utilities involved in transmission and distribution affect the financial condition and operational results of various companies in the sector. Considering the proposed capacity addition and the capital intensive nature of power projects, high level of debt financing is being required.

The key challenges have been the long process of clearances, securing fuel linkages and delays in land acquisition. Inadequate domestic supply of quality fuel, Quality and pricing issues thereto in certain cases. Additionally, due to transportation bottlenecks by Railways and at ports, high prices of imported coal, volatility in exchange rates has further increased challenges.

K.A. Sastry
Executive Director

The Company's strategy has been to focus on improving the efficiency of operations by addressing fuel and open access constraints, thereby ensuring higher asset utilisation levels, minimising costs and maximising revenues despite the operational challenges faced by the company in particular and the power sector as a whole across India during the year

With the planned commissioning of the second 600 MW unit at KSK Mahanadi, operating capacity would be 2+ GW should and would provide balance to the portfolio of 4.5+ GW of operational and construction units. With the high quality of its asset base, a proven execution capability, the Company is well positioned to address the Indian power generation opportunities.

Operational Performance

During the year operating assets recorded an aggregate generation of 6,514 MWh as against 5,546 MWh for the previous year, with the following individual Plant Load Factors ("PLF").

	31 March 2014		31 March 2013	
	MW	PLF	MW	PLF
KSK Mahanadi (First 600 MW)	1,088 MWh	(62%)	-	-
Sai Wardha (540 MW)	2,586 MWh	(55%)	3,403MWh	(72%)
VS Lignite (135 MW)	902 MWh	(76%)	889 MWh	(75%)
Sai Regency (58 MW)	445 MWh	(88%)	429 MWh	(84%)
Arasmeta (86 MW)	341 MWh	(45%)	445 MWh	(59%)
Sitapuram Power (43 MW)	342 MWh	(91%)	337 MWh	(89%)
Wind Project (19 MW)	33 MWh	(20%)	41 MWh	(25%)
Solar Project (10 MW)	19 MWh	(21%)	2 MWh	(22%)

3600 MW KSK MAHANADI POWER COMPANY LIMITED (KMPCL):

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

- the first 600 MW unit under operations with 1,846 MWh of generation supplied under PPA's commenced;
- the second 600 MW unit expected to achieve synchronization shortly;
- phased construction of the remaining four 600 MW units anticipated for commissioning through 2015 and 2016;
- completion of the construction of the major part of the civil works and common operation infrastructure at site;
- water pipeline infrastructure to meet the water requirements of the entire power plant commissioned;
- switchyard and transformer yard commissioned, with back charging of 400kV switchyard and transmission system enabling 'live in live out' connectivity for evacuation of power generated into the national grid;
- rail connectivity to the power plant for coal transportation achieved.

04 Operations Overview

(continued...)

With stabilised generation from the first 600 MW unit, and the progress being made with the second 600 MW unit, the Company's management continues to focus its efforts on expediting the construction of the remaining four units.

- ## 540 MW SAI WARDHA POWER LIMITED (SWPL):

The total gross power generated in the plant during the review period was 2,586 MWh with an average Plant Load Factor (PLF) of 55%. This reflected the challenging local operating environment, the fuel and the open access grid constraints experienced by Sai Wardha Power.

The various developments early in the period, including unjustified higher coal prices, have adversely effected Sai Wardha Power's profitability and appropriate recompense from Western Coalfields Limited is being pursued to address this matter. During the year the Company has sought the intervention of the Competition Commission of India ("CCI") both for the shortfall in the calorific value of the coal vis-à-vis the guarantees under the FSA, as well pursuing recompense for charging for coal supplied at much higher prices than those prescribed under the cost plus linkage arrangements, together with other onerous terms being insisted upon for supplying the balance of coal quantities. A prima facie opinion was expressed by the CCI on 22 January 2014 admitting the Company's submission, and by directing the Office of Director General to carry out a detailed investigation.

While the Company is pursuing power sale arrangements to commence supplies for part of the capacity that was earlier being supplied to R-infra, the additional capacity that was earmarked to be supplied to captive industrial consumers also experienced limitations on open access from the local grid, inspite of long term PPA commitments from various industries. Subsequent to the year end, during April 2014, the Company sought the necessary judicial and regulatory intervention, and has now successfully re-secured open access for supplies to these captive consumers.

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

135 MW VS LIGNITE POWER PRIVATE LIMITED (VSLP):

The total gross power generated in the plant during the year was 902 MWh, with an average PLF of 76%. The Company is continuing its efforts to secure necessary long term PPAs from the local grid as well as appropriate legal reliefs with respect to tariffs from industrial customers. The Company anticipates that industrial customers, who have previously experienced extremely high tariffs, will find Company's power supplies and tariff proposition more attractive.

86 MW ARASMETA CAPTIVE POWER COMPANY PRIVATE LIMITED (ACPCPL):

The total gross power generated in the plant during the year was 341 MWh, with an average PLF of 45%, primarily due to the limited off-take by Lafarge India. The year under review witnessed decreased utilisation by Lafarge India for its cement plants, having a direct impact on the profitability of the Arasmeta plant. Lafarge is currently not taking any power from the plant. While continuing to press for its claim against Lafarge India to fulfil their obligations, the Company has now executed a long term PPA with the local utility, which was approved by the Regulatory Commission during May 2014.

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

58 MW SAI REGENCY POWER CORPORATION PRIVATE LIMITED (SRPCPL):

The total gross power generated in the combined cycle gas fired power plant during the year was 445 MWh, with an average PLF of 88%. With the continuous supply of gas and the efficient operation, the plant has produced an exceptional operational and financial performance, which the Company expects to continue in the future. The wind capacity of 19 MW has been disposed subsequent to the year end at an attractive realization post the tax gains.

(continued...)

43 MW SITAPURAM POWER LIMITED (SPL):

The total gross power generated in the plant during the year was 342 MWh, with an average PLF of 91%. Although the fuel cost for the period under review has increased due to an increase in coal prices from the Singareni Collieries Company Limited, as well as from open market purchases, the energy generated in the period has been supplied to the captive consumers in accordance with the provisions of the PPA, and the balance of power sold to other customers under open access.

10 MW SAI MAITHILI SOLAR POWER PROJECT:

The total gross power generated in the plant during the year was 19 MWh, with an average PLF of 21%. The 10 MW PV solar power generation plant is located in the state of Rajasthan, operating under the Jawaharlal Nehru National Solar Mission.

Construction of Additional Solar Power Generation Plants

In response to the continuing initiative of the Indian Government, the Company is seeking to develop an additional 250 MW of solar power generation projects in the medium term.

The initiative in the State of Tamil Nadu has not progressed at the anticipated pace as a result of the Government's detailed review of the policy of Solar Power Obligations ("SPO"). However, with recent developments, the first PPA with Tamil Nadu is expected and thereafter progress on debt financing, land acquisition, EPC and site preparation works will be accelerated.

ANCILLARY INFRASTRUCTURE INITIATIVE AT KSK MAHANADI

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

KSK Mineral Resources:

Mine development support and associated works on behalf of Goa Industrial Development Corporation (GIDC), the owner of the Gare Pelma block, will enable timely access to coal for the Mahanadi project. Commencement of production during the current year, and the gradual increase, is expected to be in line with the approved Mine Plan. This would enable the fuel requirement for operations to be met, and the commencement of power supplies to the Goa state.

KSK Water Infrastructures:

Infrastructure works, including the construction of the 60km pipelines and the pump stations for the supply of water for the Mahanadi project, were completed and are operational. The additional intermediate reservoir works, sufficient to support the continuous operation of all six 600 MW units, are expected to be completed during the later part of 2014.

Raigarh Champa Rail Infrastructure:

The Company's 15.7 km inward railway line connecting the Mahanadi plant with the Indian Railways main line was completed during second half of 2013, enabling the movement of coal into the power plant. As regards the 65.5 km line connecting the Gare Pelma coal block to the main line, an integrated plan is being discussed with the new Government, and further progress is awaited to enable subsequent development activities.

05 Financial Review

All figures given in the review are in US $ thousands unless otherwise stated.

S. Kishore
Executive Director

The high capital intensity and associated debt required in developing and growing the power generation business, coupled with high currency volatility and the policy environment has altered the Company's overall funding plans, requirements and financial performance in the near term. Work continues on a number of major initiatives in this regard and we intend to continue evaluation of the entire asset base to ensure that equity at appropriate levels is addressed and a robust generation portfolio completed.

Further, with tapering linkage FSA executed for coal supplies for the KSK Mahanadi plant, and with significant long term PPAs signed at higher tariff rates, the Company's growing plant portfolio and operational experience enabled securing the necessary in principle consent for funding for its major capital project until completion, resulting in an improved financial performance over time.

On power pricing and realisations of the entire generation portfolio as a whole, we anticipate that power consumers (both industries and utilities), who have been experiencing extremely high marginal procurement costs would find KSK power generation plants extremely attractive and utilisation levels accordingly improve.

Financial Highlights:

	As published			March 14 translated at March 13 exchange rate		
Particulars	**March 2014**	**March 2013**	**% change**	**March 2014**	**March 2013**	**% change**
		(Restated)			**(Restated)**	
Revenue	335,866	392,821	(14)	372,053	392,821	(5)
Gross profit	91,146	157,219	(42)	100,966	157,219	(36)
Operating profit	58,027	120,152	(52)	64,279	120,152	(47)
(Loss)/Profit before tax	(72,123)	37,464	(293)	(79,894)	37,464	(313)
Average exchange rate Rupee/USD	Rs 60.43 /$	Rs 54.55 /$	11	Rs 54.55 / $	Rs 54.55 /$	-

The underlying revenue and gross profit declines for the current year as compared to the previous year, at the Rupee level, have been primarily on account of the lower than expected PLFs at Sai Wardha and Arasmeta projects and the overall price realisation in the current trading environment.

We anticipate that notwithstanding the challenges across the sector and exchange rate volatility continuing during the current year that would create distortions to immediate term consolidated financials, the underlying assets, our risk mitigation strategies and associated performance will continue to improve and meet expectations.

Principal activity and overview

KSK Group is primarily engaged in the development; operation and maintenance of power generation assets in India with next level of growth coming through large base load thermal power plants, hydro power opportunities and solar power generation. To support these power generation initiatives, the group also is currently undertaking business activities in mineral interest, mine development and other support ancillary infrastructure. KSK focused its strategy on the private sector power development market, undertaking entire gamut of development, investment, construction, operation and maintenance of power plant with supplies initially to heavy industrials operating in India and now branching out to cater to the needs of utilities and others in the wider Indian power sector.

(continued...)

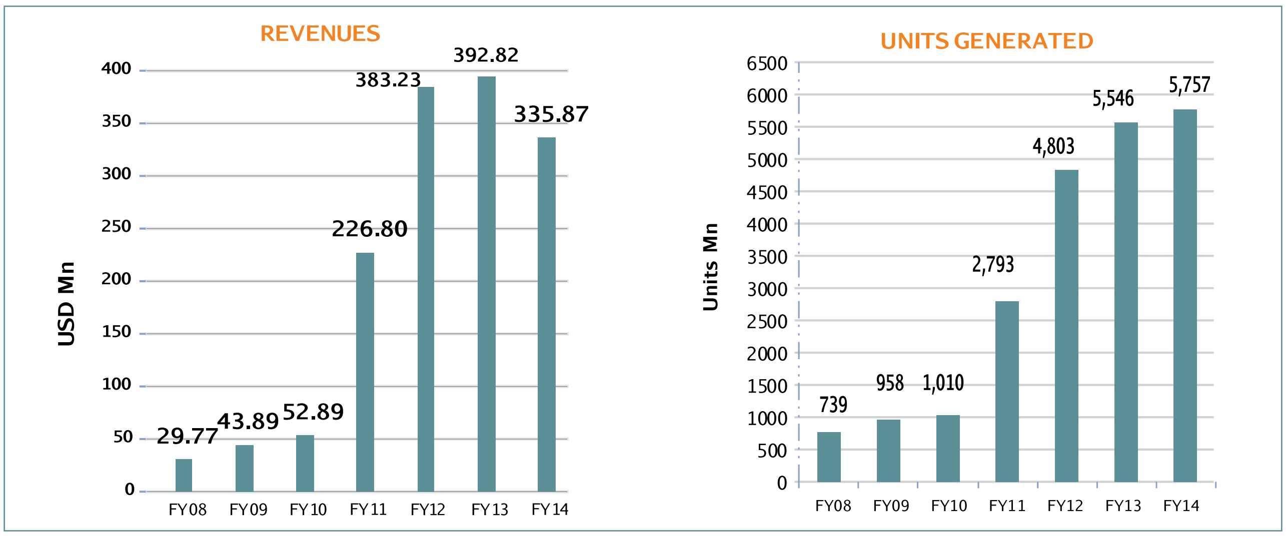
Income Statement Operating Results:

	March 2014	March 2013
Revenue	335,866	392,821
Cost of revenue	(244,720)	(235,602)
Gross Profit	91,146	157,219
Other operating income	7,064	1,648
Distribution costs	(11,014)	(7,037)
General and administrative expenses	(29,169)	(31,678)
Operating profit	58,027	120,152

Generation, sales and revenues

The total revenues of the Group have decreased by 14% from US $ 392,821 in March 2013 to US $ 335,866 in March 2014. However, by applying the same average exchange rate of March 2013, the revenue decrease is only 5% from US $ 392,821 to US $ 372,053. Thus it clearly indicates that the revenue at India Rupee level have decreased by marginally 5%, however due to exchange rate fluctuation year on year the same has been reflecting an decrease of 14%. Decrease in revenue of US $ 20,768 on constant currency basis is mainly because of lower utilisation of operating assets of SWPL and ACPCPL coupled with decrease in average realisation from Rs 4.67 to Rs 4.33 per unit. However, decrease in revenue has been offset to certain extent on account of commencement of commercial operation of unit III of KMPCL.

The following charts shows year on year trend in revenues and units generated



Cost of revenue

Cost of revenue actually increase by 4% to US $ 244,720 (2013: US $ 235,602). Movement in cost of revenue is largely on account of the following:

- Increase in gross generation units by 4% from 5,546 mn units to 5,757 mn Units
- Increase in average fuel cost from Rs 1.93 per unit to Rs 2.06 per unit

Other Operating Income

Movement in other operating income from US $ 1,648 during the year ended March 2013 to US $ 7,064 during the year ended March 2014 is largely on account of the insurance claims received in SWPL US $ 1.93 million and VSLP US $ 3.92 million.

(continued...)

Distribution cost

Distribution costs primarily include wheeling charges, open access charges and transmission charges payable to State Utilities. It is a factor of the units generated, load and the type of customer to whom power is being sold. As a percentage of the sales, such costs have increased from 1.8% in March 2013 to 3.28% in March 2014. The main reason for increase is open access charges incurred on sale of power to captive customers in SWPL.

General and administrative expenses

General and administrative expenses actually increase by 2% to US $ 29,169 (2013: US $ 31,678), however due to exchange difference impact as explain above it is indicating a decrease of 8%.

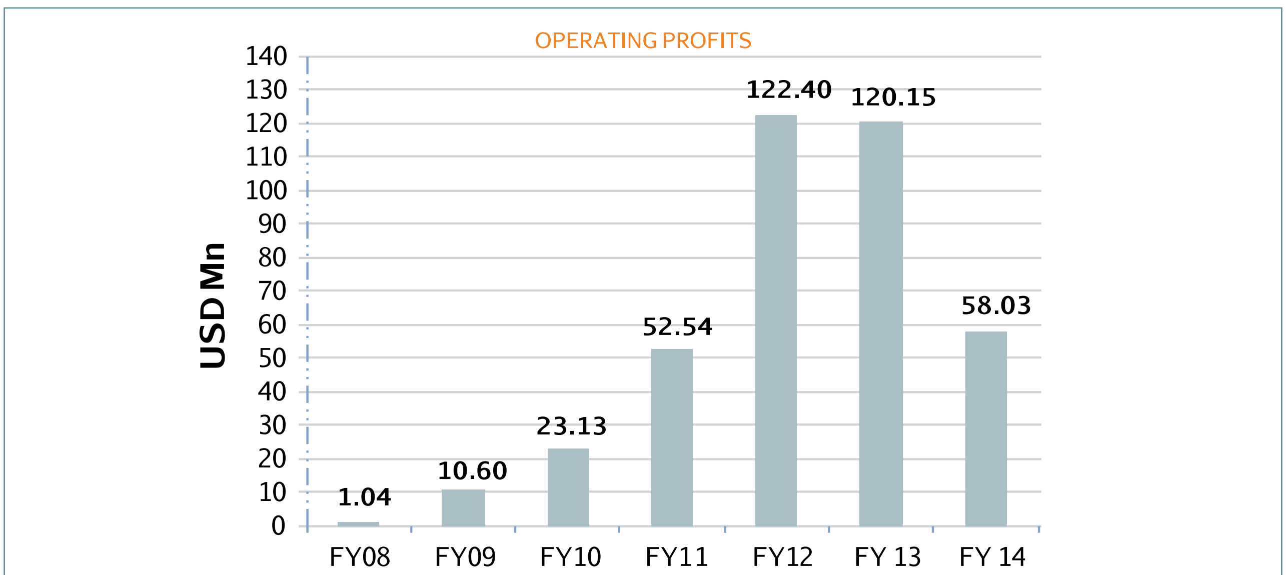
Profit attributable to equity shareholders

	March 2014	March 2013
Operating profit	58,027	120,152
Finance costs	(165,969)	(120,984)
Finance income	35,819	38,296
Profit before tax	**(72,123)**	**37,464**
Income tax income / (expense)	13,106	1,405
Profit / (Loss) for the year	**(59,017)**	**38,869**
Attributable to:		
Equity holders of the parent	(49,039)	24,406
Non-controlling interests	(9,978)	14,463
Earnings / (Loss) per share		
Basic and diluted (U.S. $)	**(0.31)**	**0.15**

Operating Profits:

Operating profits of the Group have decreased by 52% from US $ 120,152 in FY 2013 to US $ 58,027 in FY 2014 mainly because of fixed nature of operating overheads independent of asset utilisation, lower performance of SWPL assets as well as higher cost of revenue as experienced in the larger assets

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



Finance Costs

Gross finance costs have increased from US $ 338,818 in March 2013 to US $ 440,212 in March 2014. The finance cost has increased mainly on account of exchange rate loss of US $ 51,153 primarily on restatement of borrowing and trade payables. Interest costs also increased as a result of higher average debt at US $ 2,872,162 in current year as against US $ 2,696,805 in the previous year. Of the total interest cost, US $ 274,243 relating to capital expansion projects was capitalised as compared with US $ 217,834 in previous year reflecting increased expenditure on capital expansion programme.

Finance Income

Finance income has marginally decreased from US $ 38,296 in March 2013 to US $ 35,819 in March 2014. Interest income was lower at US $ 21,436 in the current financial year (2013: US $ 34,078) primarily due to decrease in average cash and bank deposits from US $ 400,993 to US $ 270,740 on account of utilisation of same towards capital expenditure. The decrease is offset by increase in mark to market gain on derivative contract of US $ 11,326.

Income Tax Expense

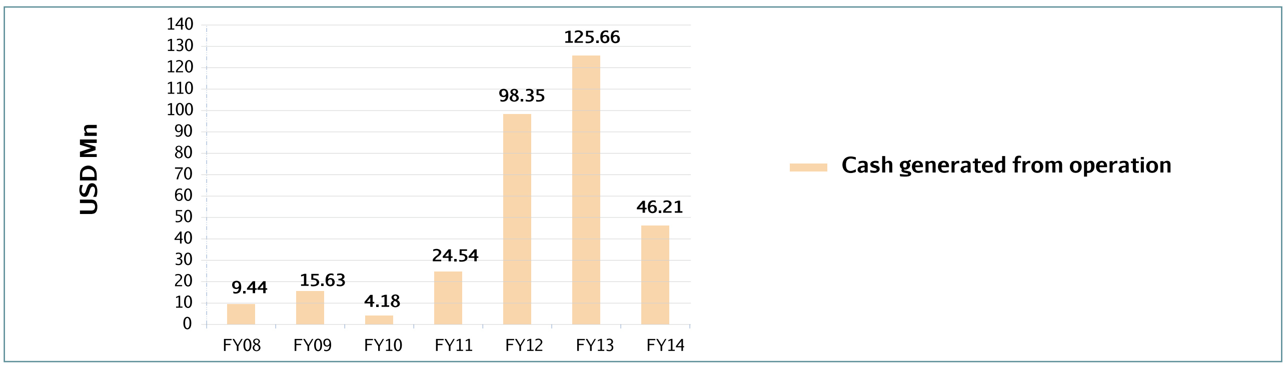
Most of the tax expenditure of the Group is in respect of current income taxes, deferred taxes and Minimum Alternate Tax (MAT). In India, the Group is availing an exemption under Section 80 IA of the Income Tax Act and is only required to make a provision for the liability under MAT and deferred taxes. The increased tax income during the year ended March 2014 is mainly on account of higher deferred tax asset on carry forward of losses in SWPL and KMPCL.

Cash Flows

Particulars	March 2014	March 2013
Operating cash flow	100,398	178,226
Change in working capital assets and liabilities	(48,825)	(42,123)
Tax paid	(5,364)	(10,440)
Net cash generated from operating activities	46,209	125,663
Net cash used in investing activities	(7,739)	(286,551)
Net cash (used in) / provided by financing activities	(7,694)	106,453
Effects of exchange rate	(18,676)	(21,917)
Changes in cash and cash equivalents	12,100	(76,352)
Cash and cash equivalent - beginning of year	43,834	120,186
Cash and cash equivalent - end of year	**55,934**	**43,834**

KSK's operating cash flow decreased from US $ 178,226 in FY 2013 to US $ 100,398 in FY 2014, a decrease of US $ 77,828. The decrease is primarily driven by decrease in operational activity of SWPL in power generation segment and slow recovery of debtors due longer cycles in the payment by PPA to counter parties. However, KSK is using all possible alternatives including the legal assistance to ensure that the amount outstanding is fully recovered.

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



(continued...)

Net cash used in investing activities has decreased by 97% to US $ 7,739 largely on account of decreased expenditure on capital expansions programme by US $ 194,518, liquidating some of the bank deposit given as collateral for borrowing and for making capital payments amounting to US $ 87,341 and realising lesser interest on investments and bank balances by US $ 6,110.

Movement in cash generated from financing activities from US $ 106,453 to US $ (7,694) largely on account of the following:

- Decrease in the net proceeds from borrowings by US $ 156,970 on account of substantial portion of project debt for KMPCL project drawn in previous year and
- Increase in proceed from placing of 15.93 million of ordinary shares raising US $ 33,327 net of share issue expenses and receipt of additional funds from parent amounting to US $ 18,000.

Summary balance sheets

	March 2014	March 2013
Property, plant and equipment	3,215,282	3,273,450
Goodwill and other intangibles	20,245	22,326
Other non-current assets	289,729	187,393
Current assets	472,709	571,716
Assets held for sale	18,456	-
Total assets	**4,016,421**	**4,054,885**
Non-current liabilities	2,062,759	1,942,298
Current liabilities	1,352,933	1,471,401
Liabilities associated with assets held for sale	18,456	-
Total Liabilities	**3,434,148**	**3,413,699**
Total equity including non-controlling interests	582,273	641,186
Total equity and liabilities	**4,016,421**	**4,054,885**

Property, plant and equipment has actually increased in rupee terms by US $ 248,212 in 2014, a 8% year on year growth, largely on account of continuous construction and development activities in KMPCL and related projects. However headline decrease on account of translation difference from base currency as INR 59.86 per $ at closing as against INR 54.66 per $ at March 2013.

Goodwill and other intangibles decreased by 9% to US $ 20,245, year on year mainly on account of effect of exchange rate and amortisation for the year.

Other non-current assets have increased by US $ 102,336 year on year primarily as a result of

- Increase in Derivative assets of US $ 50,196
- Increases in loans and receivable to JV partners amounting to US $ 15,008
- Increase in various taxes receivable amounting to US $ 28,861 and
- Increase in deferred tax assets amounting to US $ 17,620 primarily on account of carry forward of tax losses

Current assets have decreased by US $ 99,007 to US $ 472,709 year on year primarily as a result of the following:

- Decrease of US $ 111,210 in cash and bank balances on account of deployments of funds for acquiring on-going capital assets.
- Decrease in other current assets of US $ 29,684
- Increase of US $ 41,887 in trade and other receivables due to increase in operations and slow recovery of debtors due to counter parties not honouring the terms of the PPA. However, KSK is using all possible alternatives including the legal assistance to ensure that the amount outstanding is fully recovered.

Assets held for sale relates to wind mill undertaking with aggregate capacity of 18.9 MW sold subsequent to balance sheet date (refer note 11 to the financial statements)

Non-current liabilities have increased by US $ 120,461 representing a 6% increase year on year primarily due to the following:

- US $ 109,400 increase in borrowings in line with funding requirement in respect of projects under construction;
- US $ 28,193 increase in other financial liabilities on account of currency option taken in SWPL.

Current liabilities have decreased by US $ 118,468, representing 8% decrease year on year primarily driven by a decrease of US $ 76,372 in borrowing on account repayment of certain buyers credit facility in KMPCL and refinancing of existing borrowing with ECB in SWPL and decrease of US $ 47,540 in trade and other payables .

Liabilities associated with assets held for sale relates to wind mill undertaking with aggregate capacity of 18.9 MW sold subsequent to balance sheet date (refer note 11 to the financial statements)

Total equity has decreased from US $ 641,186 to US $ 582,273 mainly on account of current year losses and translation loss.

Going Concern

The Group business activities together with factors likely to affects its future development, performance and position are set out in the report. In addition note 33 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its hedging exposure to credit risk and liquidity risk.

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in construction projects for its power plants. The Group currently has net current liabilities of US $ 880.22 million and a committed capital spend of US $ 1.59 billion. The Group continue to generate cash flows from the current operations which together with the available cash and short term deposits provides liquidity both in short-term as well as in long-term.

Further, the net current liabilities as mentioned above includes US $ 140.86 million towards the current portion of long term debt borrowed for KMPCL project which are originally due for repayment in next 12 months from the balance sheet date. However, with a number of factors in the external environment, beyond the control of the company coupled with significant foreign currency fluctuation, a time and cost overrun proposal was submitted to the lead lender for approval as well as recognition of revised DCCO (Date of commencement of commercial operation) and accordingly a consequential shift in the commencement of repayment date to 30 June 2016. The same has been approved by the board of the lead lender of the project. Hence, an amount of US $ 140.86 million will not come for repayment until 30 June 2016.

Apart from above anticipated future cash flows including QIP proceeds of US $ 65.07 million (refer note 36 to the financial statement) and undrawn long term committed facilities of US $ 1.14 billion together with cash and short term deposits of US $ 194.05 million as at 31 March 2014 on a consolidated basis, are expected to be utilised to meet the on-going capital investment programme and liquidity requirement of the Group in the near future. In addition, a number of the facilities that are due to expire at 31 March 2015 are in the process of being extended and have rollover clause in a number of cases.

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

The last two years were challenging and exciting for the power sector and the Company, as well. Nevertheless this year has also witnessed the result of undeterred and sincere efforts of the Company which led to resolution of few of the long pending issues like obtaining environment related clearances for coal mines, execution of Fuel Supply Agreement for linkage coal and PPAs with respect to the 3600 MW Power project in Chhattisgarh.

a. Uncertainties in Regulatory Policy

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

Implication

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

Mitigation

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

b. Uncertainties in Availability of Fuel

The Group has secured fuel arrangements for all its operational as well under construction power projects. The fuel arrangements with Government agencies are valid for certain period and extended further for next term subject to renewal of the agreement.

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

Implication

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

Mitigation

- PPAs with fuel cost pass through arrangement
- Arrangement with multiple suppliers and reducing dependability on single fuel supplier
- Close hands on coordination between various ministries and agencies of government and addressing the same.

c. PPA Related - Customer Concentration

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

Implication

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

Mitigation

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

d. Non - Availability of Support Infrastructure

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

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

Implication

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

Mitigation

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

e. Currency Fluctuations

During the financial year 2013-14, Indian Rupee depreciated by 10.6% against US dollar and in financial year 2012-13, by 7.5%.Though the recent economic and political developments in the country indicate the improvement in exchange rate, there is no such guarantee and Indian currency may further depreciate.

Implication

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

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

Mitigation

- Appropriate currency hedging instruments.

f. Cost & Time overrun of Projects under construction

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

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

The project cost may increase due to delay in commissioning of the Project. In addition to above factors, the depreciation of Indian Rupee against foreign currencies may also add to the cost overrun.

There is no guarantee that Project may not get delayed further and the risk of further cost and time overrun of the Project exists.

Implication

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

Mitigation

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

g. Liquidity Risks for Incremental capital expenditure and future growth

3600 MW power project, the largest project of KSK Group, is in advance stage of construction and being capital intensive, has significant funding requirement.

There is risk of non-availability of fund for capital expenditure of ongoing and new projects as well as continuous working capital requirement of operational projects.

Implication

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

Mitigation

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

h. Socio- Economic- Political uncertainties

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

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

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

Implication

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

Adverse Monetary and fiscal changes like withdrawal of tax incentive or increase in interest rate will reduce the profitability of the projects.

(continued...)

Mitigation

- The Company management emphasis on active stake holder engagement at least 6-12 months prior to project initiation, corporate social responsibility initiatives and continual consultation and engagement programs
- Formal policy on health and safety accompanied by regular review
- Equipment and tools to monitor emissions from plants and compliances
- Working with local communities, leaders for review of challenges and solutions to address the same
- Close hands on coordination between various ministries and agencies of government and addressing the same
- Close monitoring of the various incentive regimes and ensuring timely adherence to specifications / norms where timelines are of essence
- Representation to respective ministries / resort to legal remedies where inequitable levies / withdrawals were made by the concerned government / government authority
- Continuously monitor impact and wherever agreed and applicable pass on the same through tariff mechanism to power consumers

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

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

- Over 3,400+ Outpatient Cardiac consultations with 400+ state of art cardiac surgeries performed free of cost
- Divine Child Health Programme initiated in September 2013 for screening of children for over 29 conditions that could eventually lead to Cardiac interventions
- Department of Paediatric Heart Care initiated with Foetal cardiology services initiated in June 2014

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

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

(continued...)

Promoting Quality Education:

The following activities were implemented by our teams at the various project sites and the outcomes during 2013 and 2014 are as follows:

- Providing merit scholarships to school students, Fee Reimbursement to students to pursue higher education courses like Engineering and Polytechnic, Medical & Management course and ITI scholarships
- Equipment support such as school uniforms, schools bags, stationary & sports material, Provision of sports kits and financial assistance for construction of School Building
- Construction of sanitation facilities at local schools

Building Healthier Communities:

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

- Through mobile clinic, 186 camps have been organized; reaching out to more than 8000 patients in KSK Mahanadi project area.
- Over 3000 persons have been benefitted through our clinic facility at Sai Wardha Project Site.
- Provided Emergency Ambulance Services to over 400 users.

(continued...)

Facilitating Socio-Economic Empowerment:

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

The activities during the year in this segment are as follows:

- Support for Pond Deepening work at Mankadal Pond, Nawagarh, Upkanala of Nawapara
- Distribution of Vegetable Seeds and financial support to families under Income Generation Activity.
- Provided drinking water facilities to nearly 2000 families through water tanker or by deepening the ponds and through digging bore wells.

Developing Infrastructure:

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

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

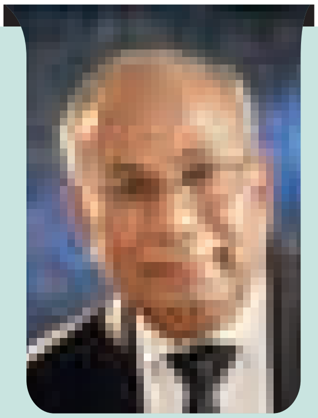
- Improved rural connectivity by laying Outer Peripheral approach roads.
- Stone Dust filling over damaged streets & Roads and drainage line for water recharging of local ponds
- Construction of multiple RCC over-head Tanks (100 KL Capacity) adjoin KSK Mahanadi site
- Installation of High mast Lights

Fostering Culture and Social contribution:

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

- Supported District Administration for organizing Tricycle distribution camp and celebrating Armed Forces Flag Day.
- Sponsorship of Republic day celebrations & International Camel festival and local cricketing events

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



T. L. SANKAR
Non-Executive Chairman

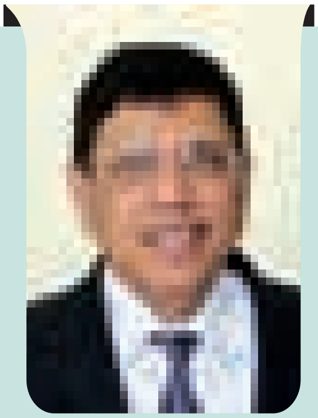
Mr. T. L. Sankar was appointed as the Chairman (Non-Executive) of the Company in October, 2006. Mr. T. L. Sankar is renowned in India as an energy expert, having received the Padma Bhushan title in India and has more than four decades of experience in the sector, including Secretary of the Fuel Policy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

S. R. IYER
Non-Executive Director

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

VLADIMIR DLOUHY
Non-Executive Director

Mr. Dlouhy was appointed as a Director (Non-Executive) of the Company in August 2009. Mr. Dlouhy studied mathematical economics and econometrics at School of Economics and at Charles University in Prague, later completing MBA studies at Catholic University in Leuven (Belgium). He started his professional career as University lecturer, and in 1983 moved to the Czechoslovak Academy of Sciences as a researcher, later as Deputy Director of the Forecasting Institute. In 1989 he was invited to join the first post-communist government and until 1992 served as Minister of Economy of Czechoslovakia and after the split of the country served as First Minister of Industry and Trade of the Czech Republic till June 1997. Since his departure from politics in 1997, he joined Goldman Sachs as an International Advisor for Central and Eastern Europe; between 1997 and 2010, in similar capacity, he advised to ABB Chairman of the Advisory Board, Chayton Capital, London, UK. In addition to extensive academic association with various universities and serving as deputy chairman, European group, The Trilateral Commission, he is also an author of numerous publications. Married, fluent in English, Spanish, Russian, speaks also German and French.



ABHAY NALAWADE
Non-Executive Director

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

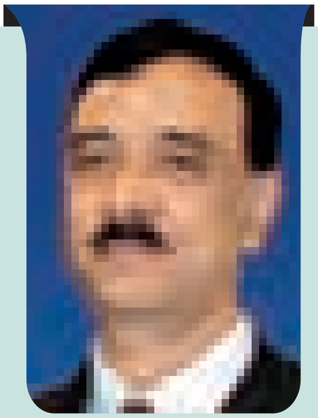
KEITH NICHOLAS HENRY
Non-Executive Director

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

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

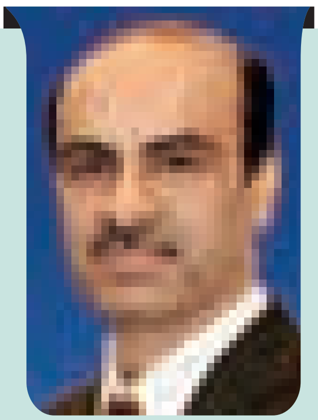
GUY DELEMERE LAFFERTY
Non-Executive Director

Mr. Guy Delemere Lafferty has served as a Director of Hoegh LNG since 2011 and ZincOx Resources since 2009. He is a Partner of Hoegh Capital Partners Ltd. Previously Mr. Guy worked at the investment banking arm of The Royal Bank of Canada and for the National Westminster Bank in London and New York.



K. A. SASTRY
Executive Director

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



S. KISHORE
Executive Director

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

KSK Mahanadi, Chhattisgarh

The Directors of KSK Power Ventur plc have pleasure in presenting this Directors' Report along with the audited financial statements of the Company and of the Group for the year ended 31 March 2014.

Business Review and Future Developments

KSK Power Ventur plc, through its subsidiaries, engages in the development, operation, and maintenance of power generation assets primarily in India. The Company develops and operates coal, gas, lignite, wind and solar based power plants, as well as hydroelectric power plants. The Group's current operating capacity is approximately 1472 MW and is further actively involved in construction of a large Greenfield thermal project of 3600 MW that has a 600 MW unit operational and another expected to be operational shortly taking operational capacity beyond 2000 MW. Additionally, the group has an exciting portfolio of planned projects across the fuel spectrum. The Group is also involved in various support infrastructure development and operations that are synergic to the power plant initiatives.

A full review of the Group's activities during 2013-14 can be found in the sections of this Annual Report listed below, which are incorporated herein by reference.

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

Group Structure

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

- KSK Energy Limited, Mauritius - holds the principal investments in the Indian business, predominantly on thermal sources and potential renewable portfolio planned under KSK Green Energy, Singapore;
- KSK Energy Ventures Limited - an Indian subsidiary listed on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) that has an attractive portfolio of power generation assets across various phases of operation, construction, development and planning. KSK Energy Ventures has a wide shareholder base consisting of large institutional investors, mutual funds, insurance companies, foreign institutional investors, retail investors and others;
- KSK Energy Company Private Limited - an Indian unlisted indirect subsidiary, that has worked and is working on coal interests and other ancillary businesses that support the Group's power plant initiatives;
- KSK Power Holdings Limited - 100% indirect subsidiary looking at various new initiatives of the Group

Corporate Governance

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

Results and Dividends

The results for the year ended 31 March 2014 are set out in the attached financial statements. The Directors do not recommend the payment of dividend for the year 2013-14.

Purchase of Own Shares

The authority to purchase its own shares upto a total aggregate value of 10% of the issued ordinary share capital of the company was renewed in a resolution at its annual general meeting held on 17 September 2013. It is proposed that a similar authority would be taken up for renewal at the ensuing AGM. No purchase of own shares by the Company has occurred during the year ended 31 March 2014.

Placing of Shares

Pursuant to a Shareholders' resolution passed at the Company's annual general meeting held on17 September 2013, the Directors had the general authority to allot and issue 8,388,347 new Ordinary Shares free of any pre-emption rights. This authority was insufficient to allot and issue the Placing Shares and accordingly approval from Shareholders was obtained on 24 February 2014.

The Company has raised approximately £20.7 million (before expenses) through the placing of 15,930,000 Ordinary Shares at a price of 130 pence per Placing Share.

It is proposed that the necessary authority would be taken up for disapplication of the provisions of Article 5.2 of the Articles of Association of the Company (waiver of pre-emption rights) at the ensuing AGM.

Share Capital

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

Independent authority is intended to be taken up at the ensuing Annual General Meeting for the company to issue of various instruments that carry rights for conversion into underlying Ordinary Shares of the Company.

Directors

The Directors that served during the year were:

- Thiruvengadam Lakshman Sankar
- Subramaniam Ramachandran Iyer
- Vladimir Dlouhy
- Abhay Mahadeo Nalawade
- Kolluri Ayyappa Sastry
- Sethuraman Kishore
- Keith Nicholas Henry (appointed w.e.f. 1 March 2014)
- Guy Delemere Lafferty (appointed w.e.f. 1 March 2014)

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

Mr. Keith N Henry and Mr. Guy D Lafferty were appointed as non-executive directors of the Company and the appointment was unanimously approved by the Board. Mr. Keith N Henry and Mr. Guy D Lafferty were appointed with effect from 1 March 2014.

Indemnity for Directors

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

Re-election of Directors

In accordance with the Articles of Association of the Company, at the next Annual General Meeting of the Company Mr. Vladimir Dlouhy and Mr. Abhay Nalawade retire by rotation and, being eligible, offer themselves for re-election.

Biographical details for Mr. Vladimir Dlouhy and Mr. Abhay Nalawade are set out in this report.

Mr. Keith N Henry and Mr. Guy D Lafferty will hold office upto the date of this Annual General Meeting and are eligible for re-election.

Directors and their Interest in the Shares of the Company

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

Capital Structure and Significant Shareholders

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

Shareholder	Number of Ordinary Shares	Percentage of Ordinary Shares
Sayi Energy Ventur Limited	106,336,750	60.66
M&G Investment Management	35,044,189	19.99
Aberdeen Asset Managers	9,555,221	5.45
Universities Superannuation Scheme	6,574,424	3.75
JP Morgan Private Wealth Management	615,500	3.06

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements which meet the requirements of Isle of Man company law and regulations. In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards .

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

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

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

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

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

Internal Control and Risk Management Systems

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

Auditors

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

Post Balance Sheet Events

KSK Energy Ventures Limited ("KSKEV"), the equity shares of which are listed and traded on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE"), has issued and allotted 40,404,040 new shares at a price of Rs. 99 per Equity Share aggregating to Rs. 4,000,000,000 (being the equivalent of US$67m) net to Qualified Institutional Buyers ("QIBs") under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

Board Committees

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

Going Concern

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

The Group business activities together with factors likely to affects its future development, performance and position are set out in the report. In addition note 33 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its hedging exposure to credit risk and liquidity risk.

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

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

Approved by the Board of Directors

T. L. Sankar

Non Executive Chairman

Directors' responsibility Statement pursuant to Disclosure and Transparency Rule 4.1.12

(a) the financial statements, which are prepared in accordance with International Financial Reporting Standards give a true and fair view of the consolidated assets, liabilities, financial position and profit or loss of the Group;

(b) the Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face;

(c) the sections of this Report, including the Chairman's Statement, Financial Review and Principal Risks and Uncertainties, which constitute the Management Report include a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Conduct Authority of the United Kingdom.

For and on behalf of the Board

K.A. Sastry
Executive Director

S. Kishore
Executive Director

Directors' Emoluments

The Company has a good combination of Executive and Non-Executive Directors as more than half of the Board comprises of Non-Executive Directors. Since the Executive Directors of the Company do not draw any remuneration from the Company, the provisions of the UK Corporate Governance Code in respect of the Directors' remuneration are not relevant except in so far as they relate specifically to Non-Executive Directors.

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

Details of the Directors' fees paid were as follows:

Director	Annual Director's fees for year ended 31 March 2014 (Amount in USD)	Annual Director's fees for year ended 31 March 2013 (Amount in USD)
Mr. T. L. Sankar (Non-Executive Chairman)	50,000	50,000
Mr. Vladimir Dlouhy (Non-Executive Director)	50,000	100,000
Mr. S. R. Iyer (Non-Executive Director)	50,000	50,000
Mr. Abhay Nalawade (Non-Executive Director)	50,000	50,000
Mr. Keith N Henry[1] (Non-Executive Director)	4,167	N/A
Mr. Guy D Lafferty[1] (Non-Executive Director)	4,167	N/A
Mr. K. A. Sastry (Executive Director)*	NIL	NIL
Mr. S. Kishore (Executive Director)*	NIL	NIL

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

[1]Mr. Keith N Henry and Mr. Guy D Lafferty were appointed as members of the Board on 1 March 2014. The remuneration is prorata of USD 50,000 from that date.

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

Director	Indian Rupees	Equivalent USD
Mr. K. A. Sastry (Executive Director)	7,500,000	125,680
Mr. S. Kishore (Executive Director)	7,500,000	125,680

(continued...)

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

Share Options

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

The Company has entered into a service contract with Mr. Keith N Henry with a monthly remuneration of USD 6000. Further, Mr. Keith is to subscribe to 350,000 options of the shares of the Company (1/3rd every year over the next three years) at strike price of 130p / share and the same to be provided under the KDESP 2010 plan approved by the Board in 2010.

Directors' Beneficial Interest in Shares

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

Share Price Information

High for the year -395.00 P

Low for the year -137.25 P

Close for the year -160.00 P

Pension Schemes

No pension schemes exist in the Company.

Service Contracts

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

The Executive Directors are also the full-time Directors of KSKEV and have entered service agreements which provides for the terms relating to the payment of salary and other individual terms. Effective 1 April 2010, the full-time directors are entitled to salary not exceeding Rs.750,000 per month, inclusive of all perquisites that may be paid or provided as per the policy of KSKEV. The Directors are eligible for commission not exceeding 1.5% of the net profits of KSKEV in accordance with provisions of the Indian Companies Act, 1956.

For the other six Directors viz, Mr. T. L. Sankar, Mr. S. R. Iyer, Mr. Vladimir Dlouhy, Mr. Abhay Nalawade, Mr. Keith N Henry, Mr. Guy D Lafferty (the Non-Executive Directors), in view of the non-executive nature of the directorships, other than the service contract with Mr. Keith N Henry with a monthly remuneration of USD 6000, there are no service contracts in existence between the Company and the Non-Executive Directors. Each of the Non-Executive Directors were appointed by letters of appointment which sets out the main terms of their appointment and are subject to termination upon three months' notice by either party.

The Company supports the highest standards of Corporate Governance and the Company is committed to ensuring that the highest level of governance is achieved.

The Company's objective remains to create long-term value for shareholders. The Board governs the Group consistently with our business strategy and commitment to a transparent and high quality governance system.

It is the Company's belief that corporate governance policies and practices and its periodic review need to be tailored to the size and maturity of the organization. We continue to consider carefully the independence of non-Executive Directors and Board diversity which is reflected in the composition of the Board of the Company.

Appointment of new Non-Executive Directors

The Company's search for two additional Independent Directors concluded with the appointment of Mr. Keith N Henry and Mr. Guy D Lafferty. Their appointment has been made by the Board after an extensive search, review and recommendation by the Nomination Committee, with effect from 1 March 2014.

I am very pleased with Keith and Guy joining us on the KSK Board. Keith's experience of building major projects and running an international power generation company will be instrumental in helping shape the Group's approach to developing large scale power generation assets. Guy's experience in the field of finance and investments will add greatly to the Groups' ability to source low cost funds.

Following selection and prior to their appointment, Mr. Keith N Henry and Mr. Guy D Lafferty met with the other executive and non-executive directors and senior management. Mr. Keith N Henry and Mr. Guy D Lafferty were given the opportunity to, and subsequently carried out, due diligence on the Company.

The new additions to the Board ushered in a new perspective, a diversified thought process and a fresh outlook of the Group. Our constant effort to strike a balance of diversified international experience on the Board coupled with necessary understanding of the wider business and regulatory environment in India where our power projects are located now seems to have been achieved.

Composition of Board of Directors and Board Balance

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

- T.L. Sankar
- S.R. Iyer
- Vladimir Dlouhy
- Abhay Nalawade
- Keith N Henry
- Guy D Lafferty
- K.A. Sastry
- S.Kishore

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

Board Meetings

The core activities of the Board are carried out in scheduled meetings of the Board and its Committees.

Directors' Attendance at Board and Board Committee Meetings

The table below sets out the attendance record of each director at scheduled Board and Board Committee meetings during 2013-14.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Meetings held during 2013-14	7	3	1	2
	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Mr. T. L. Sankar	7	3	1	2
Mr. S. R. Iyer	7	3	1	2
Mr. Vladimir Dlouhy	7	3	-	2
Mr. Abhay Nalawade	7	3	1	n/a
Mr. K. A. Sastry	7	n/a	n/a	n/a
Mr. S. Kishore	7	n/a	n/a	n/a
Mr. Keith N Henry	1*	n/a	n/a	n/a
Mr. Guy D Lafferty	1*	n/a	n/a	n/a

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

* Mr. Keith N Henry and Mr. Guy D Lafferty were appointed as members of the Board on 1 March 2014. The number of meetings they attended is stated from that date.

The Board periodically meets and had in total seven meetings during the year. All the Directors have attended all meetings. The Board is pleased with the high level of attendance and participation of both Executive and Non-Executive directors at the meetings.

In addition to formal meetings of the Board, the Executive Directors maintained frequent verbal and written communication with the Non-Executive Chairman and other Non-Executive Directors to discuss any issues of concern they may have relating to the Group or their areas of responsibility, and to keep them fully briefed on the Group's operation. Additionally, as a practice the Non-Executive Chairman has independent discussion with the other Non-Executive Directors, without the presence of Executive directors, on the business and any issues related there to. The Board also receives regular updates from management on the performance of the business against the agreed strategy and on its operations.

Role of the Board

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

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

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

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

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

Subsidiary Board Structure

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

Non-Executive Directors

The Non-Executive Directors bring a broad range of business and commercial experience to the Company and have a particular responsibility to challenge independently and constructively the performance of the executive management and to monitor the performance of the management team in the delivery of the agreed objectives and targets.

The Code recommends that the Board should appoint one of its independent non-executive directors to be the Senior Independent Director. The Senior Independent Director should be available to shareholders if they have concerns that contact through the normal channels of chairman or executive directors has failed to resolve or where such contact is inappropriate. Mr. S.R. Iyer is the Board's existing senior independent director.

Professional Advice

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

The Company Secretary is Richard Vanderplank. He is available to Directors and is responsible for advising the Board on complying with Isle of Man regulations.

Share Dealing Code

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

Board Committees

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

Audit Committee

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

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

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

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

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

Remuneration Committee

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

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

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

Nomination Committee

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

Shareholder Relationships

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

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

In order to ensure that the members of the Board develop an understanding of the views of major shareholders, there is regular dialogue with institutional share holders, including meetings after the announcement of the year-endand half-yearly results.

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

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

The Company recognises that successful governance can be achieved with an ongoing and open dialogue with shareholders, and accordingly remains committed to communicating with shareholders on any matter which they wish to discuss in relation to the Company's governance.

Internal Control

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

The assessment of controls and risk management processes provide a reasonable basis for the Board to make proper judgements on an ongoing basis as to the financial position and prospects of the Group. The Board has conducted a review of the effectiveness of the system of internal control for the year ended 31 March 2013 and up to the date of the signing of the financial statements and is satisfied that it remains appropriate to the business.

Effectiveness

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

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

T. L. Sankar

Non Executive Chairman

Sai Regency, Tamilnadu

Sai Maithili, Rajasthan

Report of the Independent Auditors, KPMG Audit LLC, to the members of KSK Power Ventur plc

We have audited the financial statements of KSK Power Ventur plc for the year ended 31 March 2014 which comprises the Group and Parent Company Income Statements, Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and the Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the EU.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 35, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at31 March 2014 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with IFRSs, as adopted by the EU.

Matters on which we are required to report by exception

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

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

Under Chapter 9 of the Listing Rules we are required to confirm that we have reviewed:

- the Director's statement, set out on page 18, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the Groups compliance with provisions C.1.1, C.2.1, C.3.1 and C.3.7; and
- the disclosures specified by Chapter 9, section 8, paragraph 11 of the listing rules as applicable to the Group.

Russell Kelly, Responsible Individual

For and on behalf of KPMG Audit LLC
Chartered Accountants

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

13 Consolidated and Company Statement of Financial Position

As at 31 March

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

	Notes	Consolidated			Company	
		2014	2013 (Restated*)	1 April 2012 (Restated*)	2014	2013
ASSETS						
Non-current						
Property, plant and equipment	9	3,215,282	3,273,450	2,685,808	-	1
Intangible assets and goodwill	10	20,245	22,326	23,589	-	-
Investments and other financial assets	12	154,577	98,045	109,356	366,767	295,191
Other non-current assets	13	98,461	67,427	58,733	-	-
Trade and other receivables	14	3,422	6,272	5,995	-	-
Deferred tax asset	30	33,269	15,649	14,273	-	-
		3,525,256	**3,483,169**	**2,897,754**	**366,767**	**295,192**
Current						
Investments and other financial assets	12	73,240	81,464	85,461	4	9,557
Other current assets	13	22,688	42,490	39,648	391	883
Trade and other receivables	14	158,139	116,252	97,805	-	-
Inventories	15	24,588	26,246	21,960	-	-
Cash and short-term deposits	16	194,054	305,264	417,585	173	287
		472,709	571,716	662,459	568	10,727
Assets held for sale	11	18,456	-	-	-	-
Total assets		**4,016,421**	**4,054,885**	**3,560,213**	**367,335**	**305,919**
EQUITY AND LIABILITIES						
Issued capital	17	289	263	263	289	263
Share premium	17	287,191	253,890	253,890	287,191	253,890
Share application money	17	18,000	-	-	18,000	-
Foreign currency translation reserve	17	(113,933)	(78,535)	(58,881)	12,580	6,420
Revaluation reserve	17	2,614	2,752	2,859	-	-
Capital redemption reserve	17	5,461	-	-	-	-
Other reserves	17	143,615	142,262	140,415	10	-
Retained earnings / (Accumulated deficit)	17	69,254	120,939	99,475	(14,249)	(10,049)
Equity attributable to owners of the Company		412,491	441,571	438,021	303,821	250,524
Non-controlling interests		169,782	199,615	188,442	-	-
Total equity		582,273	641,186	626,463	303,821	250,524
Non-current liabilities						
Interest-bearing loans and borrowings	18	1,943,926	1,834,526	1,409,050	-	-
Other non-current financial liabilities	19	28,193	-	-	-	-
Trade and other payables	20	51,110	59,782	48,981	-	-
Provisions	21	2,494	2,541	2,480	-	-
Deferred revenue	22	4,974	8,403	9,150	-	-
Employee benefit liability	23	495	1,061	953	-	-
Deferred tax liabilities	30	31,567	35,985	38,098	-	-
		2,062,759	1,942,298	1,508,712	-	-

(continued...)

As at 31 March

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

		Consolidated			Company	
	Notes	2014	2013 (Restated*)	1 April 2012 (Restated*)	2014	2013
Current liabilities						
Interest-bearing loans and borrowings	18	944,750	1,021,122	1,128,911	62,028	54,119
Other current financial liabilities	19	5,073	-	-	-	-
Trade and other payables	20	391,124	438,664	285,898	1,486	1,276
Deferred revenue	22	740	928	984	-	-
Other current liabilities	24	9,336	9,258	6,417	-	-
Taxes payable		1,910	1,429	2,828	-	-
		1,352,933	1,471,401	1,425,038	63,514	55,395
Liabilities associated with assets held for sale	11	18,456	-	-	-	-
Total liabilities		3,434,148	3,413,699	2,933,750	63,514	55,395
Total equity and liabilities		**4,016,421**	**4,054,885**	**3,560,213**	**367,335**	**305,919**

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

* The comparative information has been restated so as to reflect the adoption of new accounting standards, details of which have been set out in note 35.

Approved by the Board of Directors on 11 July 2014 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

For the year ended 31 March

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

	Notes	Consolidated 2014	Consolidated 2013 (Restated*)	Company 2014	Company 2013
Revenue	25	335,866	392,821	-	-
Cost of revenue	26	(244,720)	(235,602)	-	-
Gross profit		**91,146**	**157,219**	**-**	**-**
Other operating income	27	7,064	1,648	-	42
Distribution costs		(11,014)	(7,037)	-	-
General and administrative expenses		(29,169)	(31,678)	(1,041)	(784)
Operating profit / (loss)		**58,027**	**120,152**	**(1,041)**	**(742)**
Finance costs	28	(165,969)	(120,984)	(3,719)	(2,342)
Finance income	29	35,819	38,296	560	1,490
(Loss) / profit before tax		**(72,123)**	**37,464**	**(4,200)**	**(1,594)**
Tax income / (expense)	30	13,106	1,405	-	-
(Loss) / profit for the year		**(59,017)**	**38,869**	**(4,200)**	**(1,594)**
Attributable to:					
Owners of the Company		(49,039)	24,406	(4,200)	(1,594)
Non-controlling interests		(9,978)	14,463	-	-
		(59,017)	**38,869**	**(4,200)**	**(1,594)**
(Loss) / earnings per share					
Weighted average number of ordinary shares for basic and diluted earnings per share		160,565,712	159,378,600		
Basic and diluted (loss) / earnings per share (US $)		(0.31)	0.15		

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

* The comparative information has been restated so as to reflect the adoption of new accounting standards, details of which have been set out in note 35.

Approved by the Board of Directors on 11 July 2014 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

15 Consolidated and Company Statement of Other Comprehensive Income

For the year ended 31 March

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

	Consolidated		Company	
	2014	2013 (Restated*)	2014	2013
(Loss) / profit for the year	**(59,017)**	**38,869**	**(4,200)**	**(1,594)**
Items that will never be reclassified to income statement				
Re-measurement of defined benefit liability	859	523	-	-
Income tax relating to re-measurement of defined benefit liability	(254)	(159)	-	-
	605	**364**	**-**	**-**
Items that are or may be reclassified subsequently to income statement				
Foreign currency translation differences	(52,881)	(28,570)	6,160	(5,797)
Available-for-sale financial assets				
- current period losses	(1,755)	(3,051)	-	-
- reclassification to income statement	2,986	4,258	-	-
Income tax relating to available-for-sale financial asset	(188)	35	-	-
	(51,838)	**(27,328)**	**6,160**	**(5,797)**
Other comprehensive (expense) / income, net of tax	**(51,233)**	**(26,964)**	**6,160**	**(5,797)**
Total comprehensive (expense) / income for the year	**(110,250)**	**11,905**	**1,960**	**(7,391)**
Attributable to:				
Owners of the Company	(83,106)	6,321	1,960	(7,391)
Non-controlling interests	(27,144)	5,584	-	-
	(110,250)	**11,905**	**1,960**	**(7,391)**

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

* The comparative information has been restated so as to reflect the adoption of new accounting standards, details of which have been set out in note 35.

Approved by the Board of Directors on 11 July 2014 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

16 Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

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

	Attributable to owners of the Company								
	Issued capital	Share premium	Foreign currency translation reserve	Revaluation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 April 2012 (Restated*)	**263**	**253,890**	**(58,881)**	**2,859**	**140,415**	**99,475**	**438,021**	**188,442**	**626,463**
Non-controlling interests arising on acquisition of subsidiary	-	-	-	-	-	-	-	2	2
Issuance of equity shares by subsidiaries	-	-	-	-	27	-	27	2,813	2,840
Acquisition of non-controlling interests without change in control	-	-	-	-	251	-	251	(275)	(24)
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-	(3,049)	(3,049)	3,049	-
Net depreciation transfer for property, plant and equipment	-	-	-	(107)	-	107	-	-	-
Transaction with owners	**-**	**-**	**-**	**(107)**	**278**	**(2,942)**	**(2,771)**	**5,589**	**2,818**
Profit for the year	-	-	-	-	-	24,406	24,406	14,463	38,869
Other comprehensive income									
Items that will never be reclassified to income statement									
Re-measurement of defined benefit liability	-	-	-	-	523	-	523	-	523
Income tax relating to re-measurement of defined benefit liability	-	-	-	-	(159)	-	(159)	-	(159)
Items that are or may be reclassified subsequently to income statement									
Foreign currency translation differences	-	-	(19,654)	-	-	-	(19,654)	(8,916)	(28,570)
Available-for-sale financial assets									
- current period (losses) / gains	-	-	-	-	(3,079)	-	(3,079)	28	(3,051)
- reclassification to profit or loss	-	-	-	-	4,258	-	4,258	-	4,258
Income tax relating to available-for-sale financial asset	-	-	-	-	26	-	26	9	35
Total comprehensive income / (loss) for the year	**-**	**-**	**(19,654)**	**-**	**1,569**	**24,406**	**6,321**	**5,584**	**11,905**
Balance as at 31 March 2013 (Restated*)	**263**	**253,890**	**(78,535)**	**2,752**	**142,262**	**120,939**	**441,571**	**199,615**	**641,186**

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

*The comparative information has been restated so as to reflect the adoption of new accounting standards, details of which have been set out in note 35.

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

16 Consolidated Statement of Changes in Equity

(continued...)

For the year ended 31 March 2014

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

	Attributable to owners of the Company										
	Issued capital	Share prem-ium	Share applic-ation money	Foreign currency translation reserve	Revalu-ation reserve	Capital redem-ption reserve	Other rese-rves	Reta-ined earn-ings	Total	Non-contro-lling interests	Total equity
As at 1 April 2013 (Restated*)	**263**	**253,890**	**-**	**(78,535)**	**2,752**	**-**	**142,262**	**120,939**	**441,571**	**199,615**	**641,186**
Issue of shares	26	33,301	-	-	-	-	-	-	33,327	-	33,327
Receipt of share application money	-	-	18,000	-	-	-	-	-	18,000	-	18,000
Issuance of equity shares by subsidiary (refer note 6 and 7)	-	-	-	-	-	-	12	-	12	(12)	-
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-	-	-	2,677	2,677	(2,677)	-
Equity-settled share based payment	-	-	-	-	-	-	10	-	10	-	10
Transfer of profit to capital redemption reserve	-	-	-	-	-	5,461	-	(5,461)	-	-	-
Net depreciation transfer for property, plant and equipment	-	-	-	-	(138)	-	-	138	-	-	-
Transaction with owners	**26**	**33,301**	**18,000**	**-**	**(138)**	**5,461**	**22**	**(2,646)**	**54,026**	**(2,689)**	**51,337**
Loss for the year	-	-	-	-	-	-	-	(49,039)	(49,039)	(9,978)	(59,017)
Other comprehensive income											
Items that will never be reclassified to income statement											
Re-measurement of defined benefit liability	-	-	-	-	-	-	803	-	803	56	859
Income tax relating to re-measurement of defined benefit liability	-	-	-	-	-	-	(254)	-	(254)	-	(254)

(continued...)

For the year ended 31 March 2014

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

	Attributable to owners of the Company										
	Issued capital	Share prem-ium	Share applic-ation money	Foreign currency translation reserve	Revalu-ation reserve	Capital redem-ption reserve	Other rese-rves	Reta-ined earn-ings	Total	Non-contro-lling interests	Total equity
Items that are or may be reclassified subsequently to income statement											
Foreign currency translation differences	-	-	-	(35,398)	-	-	-	-	(35,398)	(17,483)	(52,881)
Available-for-sale financial assets											
- current period (losses) / gains	-	-	-	-	-	-	(2,063)	-	(2,063)	308	(1,755)
- reclassification to profit or loss	-	-	-	-	-	-	2,986	-	2,986	-	2,986
Income tax relating to available-for-sale financial asset	-	-	-	-	-	-	(141)	-	(141)	(47)	(188)
Total comprehensive (expense) / income for the year	**-**	**-**	**-**	**(35,398)**	**-**	**-**	**1,331**	**(49,039)**	**(83,106)**	**(27,144)**	**(110,250)**
Balance as at 31 March 2014	**289**	**287,191**	**18,000**	**(113,933)**	**2,614**	**5,461**	**143,615**	**69,254**	**412,491**	**169,782**	**582,273**

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

* The comparative information has been restated so as to reflect the adoption of new accounting standards, details of which have been set out in note 35.

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

17 Company Statement of Changes in Equity

For the year ended 31 March 2014
(All amounts in thousands of US $, unless otherwise stated)

	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Other reserve	Accumulated deficit	Total equity
As at 1 April 2012	**263**	**253,890**	**-**	**12,217**	**-**	**(8,455)**	**257,915**
Loss for the year	-	-	-	-	-	(1,594)	(1,594)
Other comprehensive income							
Foreign currency translation differences	-	-	-	(5,797)	-	-	(5,797)
Total comprehensive loss for the year	**-**	**-**	**-**	**(5,797)**	**-**	**(1,594)**	**(7,391)**
Balance as at 31 March 2013	**263**	**253,890**	**-**	**6,420**	**-**	**(10,049)**	**250,524**
As at 1 April 2013	**263**	**253,890**	**-**	**6,420**	**-**	**(10,049)**	**250,524**
Issue of shares	26	33,301	-	-	-	-	33,327
Receipt of share application money	-	-	18,000	-	-	-	18,000
Equity-settled share based payment	-	-	-	-	10	-	10
Transaction with owners	**26**	**33,301**	**18,000**	**-**	**10**	**-**	**51,337**
Loss for the year	-	-	-	-	-	(4,200)	(4,200)
Other comprehensive income							
Foreign currency translation differences	-	-	-	6,160	-	-	6,160
Total comprehensive profit / (loss) for the year	**-**	**-**	**-**	**6,160**	**-**	**(4,200)**	**1,960**
Balance as at 31 March 2014	**289**	**287,191**	**18,000**	**12,580**	**10**	**(14,249)**	**303,821**

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

18 Consolidated and Company Statement of Cash Flows

For the year ended 31 March

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

	Consolidated		Company	
	2014	2013 (Restated*)	2014	2013
Cash inflow / (outflow) from operating activities				
(Loss) / profit before tax	(72,123)	37,464	(4,200)	(1,594)
Adjustment				
Depreciation and amortization	43,926	39,492	1	-
Finance cost	154,829	120,984	3,242	2,341
Finance income	(35,819)	(28,008)	(1,554)	(1,586)
Provision and impairment of trade receivable, PPE and other advances	9,068	8,958	335	-
(Profit) / loss on sale of fixed assets, net	(352)	458	-	-
Others	869	17	10	-
Change in				
Trade receivables and unbilled revenue	(50,712)	(28,347)	-	-
Inventories	1,658	(4,286)	-	-
Other assets	(53,024)	(12,305)	(4,851)	(845)
Trade payables and other liabilities	53,819	1,573	84	(126)
Provisions and employee benefit liability	(566)	103	-	-
Cash generated from /(used in) operating activities	51,573	136,103	(6,933)	(1,810)
Taxes paid, net	(5,364)	(10,440)	-	-
Net cash provided by / (used in) operating activities	**46,209**	**125,663**	**(6,933)**	**(1,810)**
Cash inflow / (outflow) from investing activities				
Movement in restricted cash, net	123,310	35,969	-	-
Purchase of property, plant and equipment and other non-current assets	(199,997)	(394,515)	-	-
Proceeds from sale of property, plant and equipment	1,709	4,815	-	-
Proceed from sale of wind mill undertaking (PPE)	-	11,069	-	-
Purchase of financial assets	(23,906)	(103,168)	(47,652)	-
Proceeds from sale of financial assets	59,675	121,337	-	1,184
Dividend received	120	482	-	-
Finance income received	31,350	37,460	-	-
Net cash flow provided by / (used in) investing activities	**(7,739)**	**(286,551)**	**(47,652)**	**1,184**
Cash inflow / (outflow) from financing activities				
Proceeds from borrowings	1,252,455	1,202,714	7,663	1,515
Repayment of borrowings	(993,151)	(786,440)	-	(240)
Finance costs paid	(316,109)	(314,275)	(2,972)	(1,997)
Payment of Derivative liability	(4,519)	(24)	-	-
Net proceeds from issue of shares and share application money in subsidiary to non-controlling interest	2,303	4,478	-	-
Net proceeds from issue of shares and share application money	51,327	-	51,327	-
Net cash flow provided by / (used in) financing activities	**(7,694)**	**106,453**	**56,018**	**(722)**

(continued...)

For the year ended 31 March

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

	Consolidated		Company	
	2014	2013 (Restated*)	**2014**	2013
Effect of exchange rate changes	(18,676)	(21,917)	(1,547)	37
Net increase/(decrease) in cash and cash equivalent	**12,100**	**(76,352)**	**(114)**	**(1,311)**
Cash and cash equivalents at the beginning of the year	43,834	120,186	287	1,598
Cash and cash equivalents at the end of the year (note 16)	**55,934**	**43,834**	**173**	**287**

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

* The comparative information has been restated so as to reflect the adoption of new accounting standards, details of which have been set out in note 35.

For the year ended 31 March 2014

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

1. Corporate information

1.1. General information

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

1.2. Nature of operations

KSK Power Ventur plc, its subsidiaries and joint ventures (collectively referred to as 'the Group') are primarily engaged in the development, operation and maintenance of private sector power projects, predominantly through subsidiaries and jointly controlled entities with multiple industrial consumers and utilities in India with next level of growth coming through large base load power plant subsidiaries.

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

The principal activities of the Group are described in note 25.

1.3. Statement of compliance responsibility statement

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

The financial statements were authorised for issue by the Board of Directors on 11 July 2014.

1.4. Financial period

The Consolidated and Company financial statements cover the period from 1 April 2013 to 31 March 2014, with comparative figures from 1 April 2012 to 31 March 2013. In addition, statement of financial position as at 1 April 2012 presented in these Consolidated financial statements due to retrospective application of certain accounting policies.

1.5. Basis of preparation

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

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

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

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

Going Concern: The financial statements have been prepared on going concern basis which assumes the Group and the Company will have sufficient funds to continue its operational existence for the foreseeable future covering at least twelve months. The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in construction projects for its power plants. The Group currently has net current liabilities of US $ 880,224 and a committed capital spend of US $ 1,589,164. The Group continues to generate cash flows from the current operations which together with the available cash and short term deposits provides liquidity both in short-term as well as in long-term.

(continued...)

For the year ended 31 March 2014

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

Further, within current liabilities is an amount of long term debt of US $ 140,863 classified as the current portion of debt borrowed for KSK Mahanadi Power Project. As there has been time overrun in the project by approx. two years, a time and cost overrun proposal was submitted to the lead lender for approval of the re-schedulement of DCCO (Date of commencement of commercial operation) and accordingly a consequential shift in the repayment date from 30 June 2014 to 30 June 2016. The same has been approved by the board of the lead lender of the project. Hence, an amount of US $ 140,863 will not be materialised till 30 June 2016.

Anticipated future cash flow, including QIP proceeds of US $ 65,072 (refer note 36) and undrawn long term committed facilities of US $ 1,135,523 together with cash and short term deposits of US $ 194,054 (including restricted cash) as at 31 March 2014 on a consolidated basis, are expected to be utilised to meet the on-going capital investment programme and liquidity requirement of the Group in the near future. In addition, a number of the facilities that are due to expire at 31 March 2015 are in the process of being extended and have a rollover clause in a number of cases.

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

1.6. List of subsidiaries and jointly controlled entities

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

(a) Subsidiaries

Subsidiaries	Immediate parent	Country of incorporation	% ownership 2014	% ownership 2013
KSK Energy Limited ('KEL')	KPVP	Mauritius	100	100
KSK Asset Management Services Private Limited ('KASL')	KPVP	Mauritius	100	100
KSK Green Power plc ('KGPP')	KPVP	Isle of Man	100	100
KSK Solar Ventures plc ('KSVP')	KPVP	Isle of Man	100	100
KSK Emerging India Energy Private Limited I ('KSKEIEPL I')	KASL	Mauritius	100	100
KSK Emerging India Energy Private Limited II ('KSKEIEPL II')	KASL	Mauritius	100	100
KSK Green Energy pte Limited ('KGEPL')	KPVP	Singapore	100	100
KSK Wind Energy Halagali Benchi Private Limited ('KWEHBPL')	KGEPL	India	100	100
KSK Wind Power Sankonahatti Athni Private Limited ('KWPSAPL')	KGEPL	India	100	100
KSK Wind Energy Mothalli Haveri Private Limited ('KWEMHPL')	KGEPL	India	100	100
KSK Wind Power Aminabhavi Chikodi Private Limited ('KWPACPL')	KGEPL	India	100	100
KSK Wind Energy ShiggaonHaveri Private Limited ('KWESHPL')	KGEPL	India	100	100
KSK Wind Energy MugaliChikodi Private Limited ('KWEMCPL')	KGEPL	India	100	100
KSK Wind Power YadahalliBenchi Private Limited ('KWPYBPL')	KGEPL	India	100	100
KSK Wind Energy Nandgaon Athni Private Limited ('KWENAPL')	KGEPL	India	100	100
KSK Wind Energy Tirupur Elayamuthur Private Limited ('KWETEPL')	KGEPL	India	100	100
KSK Wind Energy TirupurUdumalpet Private Limited ('KWETUPL')	KGEPL	India	100	100
KSK Wind Energy Tuticorin Rajapudukudi Private Limited ('KWETRPL')	KGEPL	India	100	100
KSK Wind Energy Madurai MS Puram Private Limited ('KWEMMPPL')	KGEPL	India	100	100
KSK Surya Ventures Limited ('KSVL')	KSVP	Mauritius	100	100

(continued...)

For the year ended 31 March 2014

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

Subsidiaries	Immediate parent	Country of incorporation	% ownership 2014	% ownership 2013
KSK Surya Photovoltaic Venture Limited ('KSPVL')	KSVL	India	93.25	93.25
KSK Power Holdings Limited ('KPHL')	KEL	Mauritius	100	100
KSK Energy Company Private Limited ('KECPL')	KEL	India	100	100
KSK Energy Ventures Limited ('KEVL' or 'KSK India') (refer note 36)	KEL	India	74.94	74.94
KSK Energy Resources Private Limited ('KERPL')	KECPL	India	100	100
KSK Mineral Resources Private Limited ('KMRPL')	KECPL	India	100	100
KSK Investment Advisor Private Limited ('KIAPL')	KECPL	India	100	100
KSK Water Infrastructures Private Limited ('KWIPL')	KECPL	India	100	100
KSK Power Transmission Ventures Private Limited ('KPTVPL')	KECPL	India	100	100
Raigarh Champa Rail Infrastructure Private Limited	KECPL	India	100	100
SN Nirman Infra Projects Private Limited ('SNNIPPL')	KECPL	India	100	100
Marudhar Mining Private Limited ('MMPL')	KECPL	India	100	100
KSK Electricity Financing India Private Limited ('KEFIPL')	KEVL	India	100	100
KSK Vidarbha Power Company Private Limited, ('KVPCPL')	KEVL	India	**100**	100
KSK Narmada Power Company Private Limited ('KNPCPL')	KEVL	India	**100**	100
KSK Wind Energy Private Limited ('KWEPL')	KEVL	India	**100**	100
KSK Wardha Infrastructure Private Limited ('KWAIPL')	KEVL	India	100	100
KSK Dibbin Hydro Power Private Limited ('KDHPPL')	KEVL	India	100	100
Kameng Dam Hydro Power Limited ('KDHPL')	KEVL	India	100	100
KSK Mahanadi Power Company Limited ('KMPCL')	KEVL	India	99.99	99.99
KSK Upper Subansiri Hydro Energy Limited ('KUSHEL')	KEVL	India	100	100
KSK Jameri Hydro Power Private Limited ('KJHPPL')	KEVL	India	100	100
KSK Dinchang Power Company Private Limited ('KDPCPL')	KEVL	India	100	100
TilaKarnali Hydro Electric Company Private Limited ('TKHECPL')	KEVL	Nepal	80	80
Bheri Hydro Power Company Private Limited ('BHPCPL')	KEVL	Nepal	90	90
Sai Regency Power Corporation Private Limited ('SRPCPL')	KEFIPL	India	79.70	79.70
Sai Wardha Power Limited ('SWPL') formerly Wardha Power Company Limited	KEFIPL	India	87	87
VS Lignite Power Private Limited ('VSLPPL')	KEFIPL	India	74	74
Sai Power Pte Ltd ('SPPL')	KMPCL	Singapore	100	100
Sai Maithili Power Company Private Limited ('SMPCPL')	VSLPPL	India	100	100
Field Mining and Ispats Limited ('FMIL')	SWPL	India	85	85

For the year ended 31 March 2014

(continued...)

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

(b) Joint venture

Joint ventures	Venturer	Country of incorporation	% ownership 2014	% ownership 2013
Arasmeta Captive Power Company Private Limited ('ACPCPL')	KEFIPL	India	51	51
Sitapuram Power Limited ('SPL')	KEFIPL	India	49	49
J R Power Gen Private Limited ('JRPGPL')[1]	KEVL	India	51	51

[1] As of 31 March 2014, the Group hold 99.87 percent of the outstanding share capital of JRPGPL. The contractual arrangement requires both the parties to maintain the shareholding ratio in proportion of51:49 percentages. Therefore the holding in excess of 51% i.e. the additional 48.87% is treated as held temporarily and the same has been shown as non-current receivable from joint venture partner of US $ 626 in note 12 of the financial statements. Any consequent change to reflect the 99.87 percent holding shall be subsequent to finality of legal proceedings.

2. Changes in accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards as of 1 April 2013, noted below:

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 April 2013.

- IFRS 13 Fair Value Measurement
- Presentation of items of Other Comprehensive Income (Amendments to IAS 1)
- IAS 19R Employee Benefits (2011)
- IFRIC 20 stripping cost in the production phase of surface mine
- IFRS 7 Financial instruments Disclosures - offsetting Financial Assets and Financial Liabilities
- Annual Improvements to IFRS 2009-2011 cycle

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

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. Accordingly, the Group has included additional disclosures in this regard (see Note 34).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

Presentation of items of other Comprehensive Income (Amendments to IAS 1)

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated income statement and statement of other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly. The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

IAS 19R Employee Benefits (2011)

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now

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recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

In case of the Group, the transition to IAS 19R had an impact on the net defined benefit plan obligations due to the difference in accounting for interest on plan assets and unvested past service costs. The effect of the adoption of IAS 19R is explained in Note 35.

IFRIC 20 stripping cost in the production phase of surface mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. Under the interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognised as a non-current asset (stripping activity asset) when certain criteria are met, whereas the cost of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it form parts.

In case of the Group, the transition to IFRIC 20 had an impact on trade and other payable as the existing stripping cost liability balances have been written off to income statement. The effect of the adoption of IFRIC 20 is explained in Note 35.

IFRS 7 Financial instruments Disclosures - offsetting Financial Assets and Financial Liabilities

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

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

3. Standards and interpretations not yet applied

Standards and Interpretations issued by the IASB but not yet effective at the closing date

Standard	Description	Effective for in reporting years starting on or after
IAS 28 (R)	Investments in associates and joint ventures (2011)	1 January 2014
IAS 32	Offsetting financial assets and financial liabilities - Amendments	1 January 2014
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosures of interests in other entities	1 January 2014
IAS 36	Impairment of assets - disclosures on recoverable amount - Amendments	1 January 2014

The Group has yet to assess the impact of IFRS 10, IFRS 11, IFRS 12, IAS 28 (R), IAS 32 and IAS 36 on the Consolidated financial statements of the Group. However the management does not intend to apply any of these pronouncements early.

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4. Summary of significant accounting policies

4.1. Basis of consolidation

a. The Consolidated financial statements incorporate the financial information of KSK Power Ventur plc, its subsidiaries and joint ventures for the year ended 31 March 2014.

A subsidiary is defined as an entity controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is acquired by the Group, and continue to be consolidated until the date that such control ceases.

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

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

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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e reclassified to income statement or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under International Accounting Standard 39 - Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

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

4.2. Business combinations and goodwill

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

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- If the business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through income statement.
- Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If, after reassessment, the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in income statement.
- Goodwill is carried at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.
- Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

4.3. Interest in joint ventures

Entities whose economic activities are controlled jointly by the Group and by other venturers by virtue of a contractual arrangement or by established legal practices are accounted for using proportionate consolidation to the extent of the Group's economic interest in the entity.

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

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

4.4. Non-current assets held-for-sale

Non-current assets and disposal groups classified as held-for-sale are measured at lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuous use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management is committed to the sale, which should be expected to qualify for recognition as a completed sale generally within one year from the date of classification.

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

4.5. Foreign currency translation

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currency at the foreign exchange rate ruling at that date. Aggregate gains and losses resulting from foreign currencies are included in finance income or costs within the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to functional currency at foreign exchange rates ruling at the dates the fair value was determined.

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4.6. Revenue recognition

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

Sale of electricity

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

Rendering of services

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

Deferred Revenue

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

Interest and dividend

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

Insurance Claims are accounted based on certainty of realization.

Sale of Verified Emission Reductions (VERs) and Certified Emission Reductions (CERs)

Revenue from sale of Verified Emission Reductions (VERs) and Certified Emission Reductions (CERs) is recognised on sale of eligible credits.

4.7. Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credit and any unused

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tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

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

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

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

Deferred income tax assets and liabilities, relating to items recognised outside income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.8. Financial assets

Initial recognition

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

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

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets that are designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with gains or losses recognised in the income statement.

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

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic

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

Available-for-sale financial assets

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

Loans and receivables

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

Investment in subsidiaries

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

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. In case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

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

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

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

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

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired? or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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4.9. Financial Liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as

- Fair value through profit or loss
- Loans and borrowings at amortised cost

The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and other financial liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at the initial date of recognition, and only if criteria of IAS 39 are satisfied.

Loans and borrowings at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial guarantee contracts

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

4.10. Fair value of financial instruments

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

4.11. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost includes expenditures that are directly attributable to property plant and equipment such as employee cost, borrowing costs for long-term construction projects etc, if recognition criteria are met. Likewise, when a major inspection is performed, its costs are recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repairs and maintenance costs are recognised in income statement as incurred.

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

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

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

Assets in the course of construction are stated at cost and not depreciated until commissioned.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement in the year the asset is derecognised.

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

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

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

4.12. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are

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treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement whenthe asset is derecognised.

Nature of asset	Useful life (years)
Mining license	20

4.13. Mining assets

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

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

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

4.14. Leases

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

Group as a lessor

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

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

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

Group as a lessee

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

4.15. Borrowing costs

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

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

4.16. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill

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

4.17. Cash and short-term deposits

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

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

4.18. Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

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

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

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

4.19. Segment reporting

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

The activities undertaken by the Power generation segment includes sale of power and other related services. The project management of these power plants is undertaken by the service segment. The accounting policies used by the Group for segment reporting are the same as

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those used for Consolidated financial statements. Further, income, expenses, assets and liabilities which are not directly attributable to the business activities of any operating segment are not allocated.

4.20. Earnings per share

The earnings considered in ascertaining the Group's earnings per share (EPS) comprise the net profit or loss for the year attributable to ordinary equity holders of the parent. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for effects of all dilutive potential equity shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

4.21. Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning and restoration liability

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

4.22. Employee benefits

Gratuity

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each reporting date using the projected unit credit method. The Group fully contributes all ascertained liabilities to the gratuity fund administered and managed by Life Insurance Corporation of India, a Government of India undertaking which is a qualified insurer.

The Group recognises the net obligation of a defined benefit plan in its statement of financial position as an asset or liability, respectively in accordance with IAS 19, Employee benefits. The discount rate is based on the Government securities yield. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss

Provident fund

Eligible employees of Group receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The benefits are contributed to the government administered provident fund, which is paid directly to the concerned employee by the fund. The Group has no further obligation to the plan beyond its monthly contributions.

Short- term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid towards bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share based payment

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

5. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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

The Group has determined that a number of its accounting policies can be considered significant, in terms of the management judgment that has been required to determine the various assumptions underpinning their application in the Consolidated financial statements presented which, under different conditions, could lead to material differences in these statements.

The policies where significant estimates and judgments have been made are as follows:

Estimates and assumptions

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

- Application of business combination accounting rules, including identification of intangible assets acquired in a business combination: The Group allocates the purchase price of the acquired companies towards the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The Group engages third-party external appraisal firms to assist in determining the fair values of the acquired assets and liabilities. Such valuation requires the Group to make significant estimate and assumptions, especially with respect to identification and valuation of intangible assets. (see note 4.2);
- Estimation of fair value of acquired financial assets and financial liabilities: When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. (see note 4.8 and 12);
- Uncollectability of trade receivables: Analysis of historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required (see note 14).
- Impairment tests: The determination of recoverable amounts of the CGUs assessed in the annual impairment test requires the Group to estimate their fair value net of disposal costs as well as their value-in-use. The assessment of value-in-use requires assumptions to be made with respect to the operating cash flows of the CGUs as well as the discount rates (see note 4.16 and 10);
- Estimation of liabilities for decommissioning and restoration costs: Provisions for decommissioning and restoration costs require assessment of the amounts that the Group will have to pay and assumptions in terms of phasing and discount rate. (see note 4.21 and 21);

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- Taxes: Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of assessment by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax assessment and differing interpretations of tax laws by the taxable entity and the responsible tax authority. The Group assesses the probability for litigation and subsequent cash outflow with respect to taxes. (see note 4.7 and 30);

  Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.(see note 4.7 and 30);

- Gratuity benefits: The cost of defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. (see note 4.22 and 23) ;

- Capitalisation of interest expenditure incurred on general borrowing funds used for construction of qualifying assets: In respect of the general borrowed funds used for constructing a qualifying asset, management determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the average of the borrowing costs applicable to the general borrowings of the Group that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset ; and

- Capitalisation of Common infrastructure facilities: The capitalisation of common infrastructure facilities requires management to make the estimates with the help of internal technical team regarding the portion of common assets which are actually ready for commercial use and portion where the work is yet to be completed. Based on the such estimate, completed portion cost is capitalised as Property Plant and equipment and balance is kept under assets under construction.

Actual results can differ from estimates.

Judgement

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

- Application of joint venture accounting rules, including identification of joint venture: The terms of the contractual agreements and established legal practices provides the Group and the joint venture partners (JV partners) to jointly control the key operating and financial decisions to which both parties must agree unanimously. The management has judged these entities to be treated as jointly controlled entities and are accounted for using proportionate consolidation to the extent of the Group's economic interest in these entities (see note 1.6 (b) and 4.3).

- Useful lives of depreciable assets: Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The carrying amounts are analysed in note 9. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.(see note 4.11)

- Provision: The Group is currently defending certain lawsuits where the actual outcome may vary from the amount recognised in the financial statements. None of the provisions are discussed here in further details as that might seriously prejudice the Group's position in the related disputes.

(continued...)

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6. Acquisition of non-controlling interest

During the year ended 31 March 2014, the Group has issued additional 30,148,613 shares in KSK Mahanadi Power Company Limited ("KMPCL") to KSK Energy Limited ("KEL") at a face value of Rs 10 (US $ 0.17) at par. The above transactions resulted in acquisition of 0.26 % of non-controlling interest.

The acquisition of interest in subsidiary from non-controlling interest is accounted as an equity transaction, and accordingly no gain or loss is recognised in the Consolidated income statement. The difference of US $ (29) between the fair value of the net consideration paid (US $ Nil) and the amount by which the non-controlling interest (US $ 29) is adjusted are debited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the Company.

7. Dilution on Issuance of Equity Shares by Subsidiaries

During the year ended 31 March 2014, the Group has issued additional 78,000,000 shares in KSK Mahanadi Power Company Limited ("KMPCL") to Sai Wardha Power Limited ("SWPL") at a face value of Rs 10 (US $ 0.17) at par. The above transactions resulted in dilution of 0.42 % of non-controlling interest.

The dilution of interest in subsidiary from non-controlling interest is accounted as an equity transaction, and accordingly no gain or loss is recognised in the Consolidated income statement. The difference of US $ 41 between the fair value of the net consideration paid (US $ Nil) and the amount by which the non-controlling interest (US $ (41)) is adjusted are credited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the Company.

8. Interest in joint ventures

The share of the assets, liabilities, income and expenses of the jointly controlled entities as at 31 March 2014 and 2013 and for the years then ended, which are included in the Consolidated financial statements, are as follows:

	2014	2013
Non-current assets	81,368	87,577
Current assets	15,756	19,139
Total assets	**97,124**	**106,716**
Non-current liabilities	22,421	28,613
Current liabilities	16,068	23,061
Total liabilities	**38,489**	**51,674**
Revenue	21,396	29,194
Expenses (including tax)	(23,102)	(27,987)
Profit / (loss) after tax	**(1,706)**	**1,207**

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9. Property, plant and equipment

The property, plant and equipment of the Group comprise:

	Land and buildings	Power stations	Mining property	Other plant and equipment	Assets under construction	Total
Cost						
As at 1 April 2012 (Restated)	223,894	804,617	8,923	9,243	1,695,240	2,741,917
Additions	2,920	22,268	-	863	733,038	759,089
Disposals / transfer	(5,294)	(104)	-	(108)	(3,218)	(8,724)
Exchange difference	(10,550)	(37,947)	(419)	(440)	(79,752)	(129,108)
As at 31 March 2013 (Restated)	**210,970**	**788,834**	**8,504**	**9,558**	**2,345,308**	**3,363,174**
As at 1 April 2013 (Restated)	210,970	788,834	8,504	9,558	2,345,308	3,363,174
Additions / capitalised	73,969	531,292	-	640	274,668	880,569
Reclassification as assets held for sale (refer note 11)	(678)	(17,390)	-	-	(2,005)	(20,073)
Disposals / transfer	(1,163)	(333)	-	(29)	(599,259)	(600,784)
Exchange difference	(18,272)	(67,815)	(741)	(744)	(195,253)	(282,825)
As at 31 March 2014	264,826	1,234,588	7,763	9,425	1,823,459	3,340,061
Depreciation and impairment						
As at 1 April 2012	7,993	40,326	1,027	3,902	2,861	56,109
Additions	5,441	31,711	529	1,659	-	39,340
Disposals / adjustments	(145)	(13)	-	(75)	(2,861)	(3,094)
Exchange difference	(391)	(2,000)	(48)	(192)	-	(2,631)
As at 31 March 2013	**12,898**	**70,024**	**1,508**	**5,294**	**-**	**89,724**
As at 1 April 2013	12,898	70,024	1,508	5,294	-	89,724
Additions	5,510	36,290	492	1,497	-	43,789
Reclassification as assets held for sale (refer note 11)	(58)	(2,087)	-	-	-	(2,145)
Disposals / adjustments	(150)	-	-	(18)	-	(168)
Exchange difference	(987)	(4,947)	(127)	(360)	-	(6,421)
As at 31 March 2014	17,213	99,280	1,873	6,413	-	124,779
Net book value						
As at 31 March 2014	247,613	1,135,308	5,890	3,012	1,823,459	3,215,282
As at 31 March 2013 (Restated)	**198,072**	**718,810**	**6,996**	**4,264**	**2,345,308**	**3,273,450**

Property, plant and equipment with a carrying amount of US $ 3,018,089 (2013: US $ 3,170,473) is subject to security restrictions (note 18)

(continued...)

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10. Intangible assets and goodwill

	Mining license	Goodwill	Total
Cost			
As at 1 April 2012	3,028	20,720	23,748
Disposals	-	-	-
Exchange difference	(143)	(976)	(1,119)
As at 31 March 2013	**2,885**	**19,744**	**22,629**
As at 1 April 2013	2,885	19,744	22,629
Disposals	-	-	-
Exchange difference	(251)	(1,718)	(1,969)
As at 31 March 2014	**2,634**	**18,026**	**20,660**
Amortisation			
As at 1 April 2012	159	-	159
Additions	152	-	152
Exchange difference	(8)	-	(8)
As at 31 March 2013	**303**	**-**	**303**
As at 1 April 2013	303	-	303
Additions	137	-	137
Exchange difference	(25)	-	(25)
As at 31 March 2014	**415**	**-**	**415**
Net book value			**-**
As at 31 March 2014	**2,219**	**18,026**	**20,245**
As at 31 March 2013	**2,582**	**19,744**	**22,326**

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

	2014	2013
J R Power Gen Private Limited	23	25
Sai Wardha Power Limited	3,923	4,297
Sitapuram Power Limited	5,524	6,050
Sai Regency Power Corporation Private Limited	1,212	1,328
Arasmeta Captive Power Company Private Limited	7,344	8,044
Total	**18,026**	**19,744**

The recoverable amount of the cash generating unit at 31 March 2014 was determined using estimated fair value in use.

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

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Key assumptions used in value-in-use calculations:

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

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

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

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

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

	2014	2013
Growth rate	3.00%	3.00%
Discount rate	11.01%	12.52%

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

11. Disposal group held for sale

The assets and liabilities related to Sai Regency Wind division (part of the power generation segment) have been presented as held for sale following the approval of the group's management and shareholders on 03 March 2014 to sell Sai Regency wind division. The transaction was completed by May 2014.

- **Impairment loss relating to the disposal group**

  Impairment loss of US $ 1,476 for write down of the disposal group to the lower of its carrying amount and its fair value less cost to s e l l have been included in general and administrative expenses. The impairment losses have been applied to reduce the carrying amount of property plant and equipment within the disposal group.

(continued...)

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- **Assets and liabilities of disposal group held for sale**

At 31 March 2014, the disposal group was stated at fair value less cost to sell and comprised the following assets and liabilities

Particulars	2014
Property, plant and equipment	16,452
Trade receivables	334
Loans and receivables	1,670
Assets held for sale	**18,456**
Interest bearing loans and borrowings	13,475
Deferred tax liabilities	4,981
Liabilities associated with assets held for sale	**18,456**

- **Cumulative income or expense included in OCI**

  There are no cumulative incomes or expenses included in OCI relating to the disposal group.

- **Measurement of fair values**

  In accordance with IFRS 5, the assets and liabilities held for sale were written down to their fair value less costs to sell. This is a non-recurring fair value which has been measured based on definitive agreement entered into with third party and is therefore within level 1 of the fair value hierarchy.

12. Investments and other financial assets

	Consolidated		Company	
	2014	2013	2014	2013
Current				
Financial assets at fair value through profit or loss				
- held-for-trading	130	3,293	-	-
Loans and receivables	72,333	66,429	4	9,557
Loans to and receivables from JV partners	777	11,742	-	-
	73,240	**81,464**	**4**	**9,557**
Non-current				
Financial assets at fair value through profit or loss				
- Derivative assets	50,196	-	-	-
Available-for-sale investments	22,865	26,354	-	-
Deposit with banks	10,953	31,208	-	-
Loans and receivables	39,336	24 264	5,660	-
Loans to and receivables from JV partners	31,227	16,219	-	-
Loans to and receivable from subsidiaries	-	-	133,873	151,877
Investment in subsidiaries	-	-	227,234	143,314
	154,577	**98,045**	**366,767**	**295,191**
Total	**227,817**	**179,509**	**366,771**	**304,748**

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

Financial assets at fair value through profit or loss

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

Available-for-sale investment

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

Deposit with banks

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

Loans and receivables

This primarily includes interest-bearing inter-corporate deposits of US $ 5,010 (2013: US $ 13,538), deferred loan origination costs US $ 4,424 (2013: US $ 9,783), security deposit US $ 53,882 (2013: US $ 20,721), advance for investments US $ 2,610 (2013: US $ 3,469) and other financial assets US $ 45,743 (2013: US $ 43,182).

Loans to and receivables from JV partners

This primarily includes the share application money in the joint venture entities, interest bearing inter corporate deposit to joint venture partners and redeemable preference share capital held in the joint venture entities redeemable between 5 to 20 years.

Loans to and receivable from subsidiary

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

Investment in subsidiaries

Investment primarily includes unquoted investments in subsidiaries in the Company financial statements. The Company has invested in 139,244,601 equity shares (2013: 139,244,601) in KEL, 12,000 equity shares (2013: 12,000) in KASL, 100,000,000 equity shares (2013: 100,000,000) in KGPP, 84,146,843 equity shares (2013: Nil) in KGEPL and 1 equity share (2013: 1) in KSVP totalling to US $ 227,234 (2013: US $ 143,414).

Investment and other financial assets amounting of US $177,207 (2013: US $ 153,621) for the Group is subject to security restrictions (see note 18).

Impairment of financial assets

During the year ended 31 March 2014, the Group's available-for-sale financial asset of US $ 2,986 (31 March 2013: US $ 4,363) and loans and receivable of US $1,657 (31 March 2013: US $ 2,466) were collectively impaired.

During the year ended 31 March 2014, the Company's loans and receivable of US $ 335 (31 March 2013: US $ Nil) were collectively impaired and written off.

(continued...)

For the year ended 31 March 2014

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

13. Other assets

	Consolidated		Company	
	2014	2013 (Restated)	2014	2013
Current				
Advance to suppliers	8,494	8,379	-	-
Prepayments	8,904	6,380	382	875
Income tax receivable	3,080	12,700	-	-
Other receivables	2,210	15,031	9	8
	22,688	**42,490**	**391**	**883**
Non-current				
Development of mineral assets	42,254	38,159	-	-
Prepayments	27,346	29,268	-	-
Income tax receivable	11,057	-	-	-
Other receivables	17,804	-	-	-
	98,461	67,427	-	-
Total	**121,149**	**109,917**	**391**	**883**

14. Trade and other receivables

	2014	2013
Current		
Trade receivables	144,605	93,922
Unbilled revenue	452	427
Interest accrued	13,082	21,903
	158,139	**116,252**
Non-current		
Trade receivables	2,842	2,882
Interest accrued	580	3,390
	3,422	6,272
Total	**161,561**	**122,524**

Trade receivables are non-interest bearing and are generally due within 7-14 days terms. Trade receivable and unbilled revenue of US $ 147,899 (2013: US $ 97,231) have been pledged as security for borrowings (see note 18). During the year ended 31 March 2014, trade and other receivables of an initial value of US $ 3,029 (2013: US $ 6,675) were impaired and provided for.

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

	2014	2013
Opening balance	6,571	-
Impairment loss recognised	3,029	6,675
Reversal of impairment loss recognised	(81)	-
Amount written off	(3,029)	(104)
Exchange difference	(572)	-
Closing balance	**5,918**	**6,571**

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

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

	Total	Neither past due nor impaired	Past due but not impaired		
			< 90 days	90-180 days	> 180 days
2014	**147,447**	**56,513**	**29,650**	**11,192**	**50,092**
2013	96,804	36,312	27,794	5,215	27,483

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

15. Inventories

	2014	2013
Fuel (at cost)	6,921	7,745
Stores and spares (at cost)	17,449	18,247
Others	218	254
Total	**24,588**	**26,246**

Inventory of US $ 24,588 (2013: US $ 26,246) for the Group is subject to security restrictions (see note 18).

16. Cash and short-term deposits

Cash and short-term deposits comprise of the following:

	Consolidated		Company	
	2014	2013	2014	2013
Cash at banks and on hand	55,810	39,875	173	287
Short-term deposits	138,244	265,389	-	-
Total	**194,054**	**305,264**	**173**	**287**

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

The Group has pledged a part of its short-term deposits amounting US $ 136,233 (2013: US $ 252,053) in order to fulfil collateral requirements (see note 18).

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

	Consolidated		Company	
	2014	2013	2014	2013
Cash at banks and on hand	55,810	39,875	173	287
Short-term deposits	138,244	265,389	-	-
Total	**194,054**	**305,264**	**173**	**287**
Less: Restricted cash[1]	(138,120)	(261,430)	-	-
Cash and cash equivalent	**55,934**	**43,834**	**173**	**287**

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

For the year ended 31 March 2014

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

17. Issued share capital

Share capital

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

The Company has an authorised share capital of 500,000,000 equity shares (31 March 2013: 500,000,000) at par value of US $ 0.002 (£ 0.001) per share amounting to US $ 998.

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

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

Reserves

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

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

Foreign currency translation reserve is used to record the exchange difference arising from the translation of the financial statements of the Group entities.

Capital redemption reserve represents statutory reserve required to be maintained under local law of India on account of redemption of capital. The reserve is credited equivalent to amount of capital redeemed by debiting retained earnings.

Other reserve represents the difference between the consideration paid and the adjustment to net assets on change of controlling interest, without change in control and the excess of the fair value of share issued in business combination over the par value of such shares. Any transaction costs associated with the issuing of shares by the subsidiaries are deducted from other reserves, net of any related income tax consequences. Further, it also includes the loss / gain on fair valuation of available-for-sale financial instruments.

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

18. Interest-bearing loans and borrowings

The interest-bearing loans and borrowings comprise of the following:

	Interest rate	Final	Consolidated		Company	
	(range %)	Maturity	2014	2013	2014	2013
Long-term "project finance" loans	3.71 to 16.75	March-26	2,153,328	1,908,435	-	-
Short-term loans	0.00 to 14.50	December-15	230,856	245,113	12,177	4,514
Buyers' credit facility	0.47 to 4.83	June-16	372,892	562,951	49,851	49,605
Cash credit and other working capital facilities	11.71 to 16.50	March-15	99,823	113,295	-	-
Redeemable preference shares	0.01 to 15.00	February-28	17,591	25,854	-	-
Convertible debt	0.01 to 15.00	March-25	14,186	-	-	-
Total			**2,888,676**	**2,855,648**	**62,028**	**54,119**

(continued...)

For the year ended 31 March 2014

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

Total debt of US $ 2,888,676 (2013: US $ 2,855,648) comprised:

- Long-term "project finance" loans of the Group amounting US $ 2,153,328 (2013: US $ 1,908,435) is fully secured on the property, plant and equipment and other assets of joint venture and subsidiaries that operate power stations, allied services and by a pledge over the promoter's shareholding in equity and preference capital of some of the joint ventures and subsidiaries.
- The short term loan taken by the Group is secured by the corporate guarantee provided by the Company, fixed deposits of the Group and by pledge of shares held in the respective entities.
- Buyer's credit facility is secured against property, plant and equipment and other assets on pari-passu basis, pledge of fixed deposits and corporate guarantee of KEVL. These loans bear interest at LIBOR plus 25 to 450 basis points.
- A number of the facilities that are due to expire at 31 March 2015 are in the process of being extended and have rollover clause in a number of cases.
- Cash credit and other working capital facilities are fully secured against property, plant and equipment and other assets on pari-passu basis with other lenders of the respective entities availing the loan facilities.
- Redeemable preference shares are due for repayment in 1-14 year.
- Convertible debts are repayable by March 2025 as per the terms of the agreement.

Long-term "project finance" loan contains certain restrictive covenants for the benefit of the facility providers and primarily requires the Group to maintain specified levels of certain financial ratios and operating results. The terms of the other borrowings arrangements also contain certain restrictive covenants primarily requiring the Group to maintain certain financial ratios. As of 31 March 2014, the Group has complied with the relevant significant covenants.

As at 31 March 2014, the Group has available US $ 1,135,523 of undrawn long term committed borrowing facilities.

The fair value of borrowings at 31 March 2014 was US $ 2,888,676 (2013: US $ 2,853,565). The fair values have been calculated by discounting cash flows at prevailing interest rates.

The interest-bearing loans and borrowings mature as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Current liabilities				
Amounts falling due within one year	944,750	1,021,122	62,028	54,119
Non-current liabilities				
Amounts falling due after more than one year but not more than five years	982,475	1,184,566	-	-
Amounts falling due in more than five years	961,451	649,960	-	-
Total	**2,888,676**	**2,855,648**	**62,028**	**54,119**

(continued...)

For the year ended 31 March 2014

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

19. Other financial liabilities

	Consolidated	
	2014	2013
Current		
Option premium payable	5,020	-
Provision for mark to market loss on derivative instruments	53	-
	5,073	-
Non-Current		
Option premium payable	27,148	
Provision for mark to market loss on derivative instruments	1,045	-
	28,193	-
Total	**33,266**	-

20. Trade and other payables

	Consolidated		Company	
	2014	2013 (Restated)	2014	2013
Current				
Trade payables	302,236	411,561	1,486	1,276
Other payable	14,092	-	-	-
Share application money	4,435	3,385	-	-
Interest payable	70,361	23,718	-	-
	391,124	**438,664**	**1,486**	**1,276**
Non-current				
Trade payables	51,110	59,782	-	-
	51,110	**59,782**	-	-
Total	**442,234**	**498,446**	**1,486**	**1,276**

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

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

(continued...)

For the year ended 31 March 2014

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

21. Provisions

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

	Consolidated	
	2014	2013
Non-current		
Opening balance	2,541	2,480
Exchange difference	(219)	(117)
Unwinding of discount	172	178
Closing balance	**2,494**	**2,541**

22. Deferred revenue

	Consolidated	
	2014	2013
Opening balance	9,331	10,134
Additions	-	1,456
Transferred to the revenue	(501)	(953)
Transferred to the other operating income	(124)	(219)
Disposal / transfer	(2,175)	(612)
Translation difference	(817)	(475)
Closing balance	**5,714**	**9,331**
Current	740	928
Non-current	4,974	8,403
	5,714	**9,331**

Deferred revenue represents:

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

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

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

(continued...)

For the year ended 31 March 2014

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

23. Employee benefit liability

Gratuity

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

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

A. Net benefit liability (Restated)

	2014	2013
Defined benefit obligation	1,329	1,876
Fair value of plan assets	(889)	(869)
Benefit liability[1]	**440**	**1,007**

B. Changes in the present value of the defined benefit obligation are as follows(Restated):

	2014	2013
Defined benefit obligation as at the beginning of the year	**1,876**	**1,691**
Included in income statement		
Current service cost	422	665
Past Service Cost - vested benefits	2	-
Interest cost	129	124
	553	789
Included in other comprehensive income		
Re-measurement loss / (gain)		
Actuarial losses/(gains) on obligation	(859)	(523)
Exchange differences	(169)	(70)
	(1,028)	(593)
Others		
Benefits paid	(72)	(11)
	(72)	(11)
Defined benefit obligation as at the end of the year	**1,329**	**1,876**

(continued...)

For the year ended 31 March 2014

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

C. Changes in the fair value of plan assets are as follows (Restated):

	2014	2013
Fair value of plan assets		
Fair value of plan assets beginning of the year	869	704
Included in income statement		
Interest income	68	62
	68	62
Included in other comprehensive income		
Re-measurement loss / (gain)		
Exchange differences	(73)	(24)
	(73)	(24)
Others		
Contributions	97	138
Benefits Paid	(72)	(11)
	25	127
Fair value of plan assets end of the year	**889**	**869**

D. Net defined benefit liability (asset) (Restated)

	2014	2013
Balance	**1,007**	**987**
Included in income statement		
Current service cost	422	665
Past Service Cost - vested benefits	2	-
Interest cost / (income)	61	62
	485	727
Included in other comprehensive income		
Re-measurement loss / (gain)		
Actuarial losses / (gains) on obligation	(859)	(523)
Exchange differences	(96)	(46)
	(955)	(569)
Others		
Contributions by employer	(97)	(138)
	(97)	(138)
Defined benefit obligation as at the end of the year	**440**	**1,007**

(continued...)

For the year ended 31 March 2014

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

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

	2014	2013
Discount rate	8.75%	8.06%
Rate of increase in compensation levels	10.00%	15.00%

[1] Represents net of benefit asset of US $ 55 (2013: US $ 54).

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

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

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

Defined contribution plan

In addition to the above, eligible employees receive benefits from a provident fund, a defined contribution plan. The employee and the employer make monthly contributions each to the plan at a specified percentage of the covered employees' salary to a Government recognised provident fund upon retirement or separation, an employee becomes entitled for a lump sum benefit, which is paid directly to the concerned employee by the fund. The Group contributed US $ 214 to the provident fund during the year ended 31 March 2014 and US $ 242 during the year ended 31 March 2013.

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

Share based payment

The Group operates share option scheme, where by options is granted to non - executive director at the grant price subject to continuation in office for a period of three years. Grant shares are exercisable within 49 months from the date of grant. Grants are exercisable at the end of each year ending 31 March 2015, 31 March 2016 and 31 March 2017.

Option pricing:

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

Particulars	2014	2013
Risk free interest rate	1.87%	-
Volatility	18.19%	-
Expected lives of options granted	49 months	-
Grant date fair value	1.45	-
Exercise price	1.30	-

Assumptions

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

(continued...)

For the year ended 31 March 2014

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

The number and weighted average exercise prices of share options

	2014		2013	
	Number	Exercise price	Number	Exercise price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	350,000	GBP 1.30	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year*	350,000	GBP 1.30	-	-
Exercisable at the end of the year	-	-	-	-

* Weighted average contractual life of the option is 23 months

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

Option exercisable

Particular	Number of shares	Weighted exercise price
As at 31 March 2014	-	-
As at 31 March 2013	-	-

Total expenses recognised in the income statement for the year ending 31 March 2014 is US $ 10 (2013: US $ Nil) arising from share based payment transactions.

Number of shares issued under share option scheme

	2014	2013
Number of shares	350,000	-
Nominal value	GBP 0.001	-
Carrying value	GBP 1.30	-
Market value	GBP 1.45	-

24. Other current liabilities

	2014	2013
Statutory liabilities	6,763	5,343
Accruals	2,573	3,915
Total	**9,336**	**9,258**

(continued...)

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25. Segment information

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

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

- Power generating activities and
- Project development activities

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

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

(continued...)

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

2013 (Restated)	Project development activities	Power generating activities	Reconciling / Elimination activities	Consolidated
Revenue				
External customers	1,229	391,592	-	392,821
Inter-segment	7,782	-	(7,782)	-
Total revenue	**9,011**	**391,592**	**(7,782)**	**392,821**
Segment operating results	5,744	115,849	468	122,061
Unallocated operating expenses, net				(1,909)
Finance costs				(120,984)
Finance income				38,296
Profit before tax				**37,464**
Tax income				1,405
Profit after tax				**38,869**
Segment assets	12,965	3,876,008	(350)	3,888,623
Unallocated assets				166,262
Total assets				**4,054,885**
Segment liabilities	3,151	489,139	(350)	491,940
Unallocated liabilities				2,921,759
Total liabilities				**3,413,699**
Other segment information				
Depreciation and amortisation	364	39,025	103	**39,492**
Capital expenditure	159	758,782	148	**759,089**

Notes to segment reporting:

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

(b) Profit / (loss) for each operating segment does not include finance income and finance costs of US $ 35,819 and US $ 165,969 respectively (2013: US $ 38,296 and US $ 120,984 respectively).

(c) Segment assets do not include deferred tax US $ 33,269 (2013: US $ 15,649), financial assets and other investments US $ 128,277 (2013: US $ 99,088), short-term deposits with bank and cash US $ 5,173 (2013: US $ 10,253), and corporate assets US $ 48,855 (2013: US $ 41,250).

(d) Segment liabilities do not include deferred tax US $ 31,567 (2013:US $ 35,985), current tax payable US $ 1,910 (2013: US $ 1,429), interest-bearing current and non-current borrowings US $ 2,888,676 (2013: US $ 2,855,648), derivative liabilities US $ 33,266 (2013: US $ Nil) and corporate liabilities US $ 110,089 (2013: US $ 28,697).

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

(f) Two customers in the power generating segment contributing revenues of US $ 239,163 accounted for 71.39% of the total segment revenue. (2013: One customer in the power generating segment contributing revenues US $ 173,797 accounted for 44.38% of the total segment revenue).

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

26. Depreciation, amortisation, costs of inventories, employee benefit expense and auditor's remuneration included in the Consolidated and Company income statement

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

	2014	2013
Included in cost of revenue:		
Fuel costs	179,260	178,852
Depreciation	36,738	32,012
Amortisation of intangible asset	137	152
Included in general and administrative expenses:		
Depreciation	7,051	7,328

(b) Employee benefit expenses

	Consolidated		Company	
	2014	2013 (Restated)	2014	2013
Salaries and wages	18,830	20,851	215	250
Employee benefit costs	410	1,039	-	-
Others	1,436	1,133	-	-
Total	**20,676**	**23,023**	**215**	**250**
Less: Amount capitalised	(13,101)	(15,552)	-	-
Net employee benefit expense	**7,575**	**7,471**	**215**	**250**

The employee benefit expenses of the Group form part of the cost of revenues amounting US $ 5,242 (2013: US $ 3,417) and general and administrative expenses amounting US $ 2,333 (2013: US $ 4,054).

The employee benefit expenses in the Company financial statements amounting to US $ 215 (2013: US $ 250) forms part of the general and administrative expenses.

Auditor's remuneration for audit services amount to US $ 202 (2013: US $ 165).

27. Other operating income

Other operating income comprises:

	Consolidated		Company	
	2014	2013	2014	2013
Income from management fees	259	287	-	-
Gain on disposal of property, plant and equipment, net	352	-	-	-
Insurance claim received	5,850	-	-	-
Deferred revenue amortisation	-	219	-	-
Other operating income	603	1,142	-	42
Total	**7,064**	**1,648**	**-**	**42**

For the year ended 31 March 2014

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

28. Finance costs

Finance costs comprise:

	Consolidated		Company	
	2014	2013	**2014**	2013
Interest expenses on loans and borrowings [1]	94,974	109,830	761	1,423
Other finance costs	15,287	5,209	2,481	919
Impairment of financial assets[2]	2,986	4,363	-	-
Foreign exchange loss, net	51,153	-	477	-
Net loss on held-for-trading financial assets				
on disposal	1	-	-	-
Unwinding of discounts	1,568	1,582	-	-
Total	**165,969**	**120,984**	**3,719**	**2,342**

[1]Borrowing cost capitalised during the year amounting to US $ 274,243 (2013: US $ 217,834) to property, plant and equipment at an effective interest rate of 14.39% (2013: 14.25%).

[2]Provision for impairment of financial assets relates to available-for-sale financial asset of US $ 2,986 (2013: US $ 4,363).

29. Finance income

The finance income comprises:

	Consolidated		Company	
	2014	2013	**2014**	2013
Interest income				
bank deposits	17,405	27,443	-	-
loans and receivables	4,031	6,635	-	-
Dividend income	120	520	-	-
Net gain on held-for-trading financial assets				
on disposal	-	67	-	-
on re-measurement	13	12	-	-
Unwinding of discount on security deposits	1,395	1,404	-	-
Net gain on financial liability at fair value through profit or loss , net[1]	12,855	1,529	560	-
Foreign exchange gain, net	-	672	-	1,490
Reclassification adjustment in respect of available-for-sale financial assets disposed	-	14	-	-
Total	**35,819**	**38,296**	**560**	**1,490**

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

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30. Tax income / (expense)

The major components of income tax for the period ended 31 March 2014 and 2013 are:

	2014	2013 (Restated)
Current tax	(2,731)	(364)
Deferred tax	15,837	1,769
Tax income reported in the income statement	**13,106**	**1,405**

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 2014 and 2013 is as follows:

	2014	2013 (Restated)
Accounting profit before taxes	(72,123)	37,464
Enacted tax rates	33.99%	32.45%
Tax income/ (expense) on profit at enacted tax rate	24,515	(12,155)
Expenditure not deductible for tax purpose	(2,161)	(3,927)
Income exempt or taxed at lower rate	3,298	5,480
Unrecognised deferred tax assets	(7,900)	(5,183)
Change in unrecognised temporary differences	(4,818)	(1,894)
Recognition of previously unrecognised tax losses	965	19,643
Others	(793)	(559)
Actual tax income / (expense)	**13,106**	**1,405**

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

Shareholders resident outside the Isle of Man will not suffer any income tax in the Isle of Man on any income distributions to them. Further, dividends are not taxable in India in the hands of the recipient. However, the Group will be subject to a "dividend distribution tax" currently at the rate of 15% (plus applicable surcharge and cess) on the total amount distributed as dividend.

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

(continued...)

For the year ended 31 March 2014

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

Deferred income tax at 31 March 2014 and 2013 relates to the following:

	2014	2013 (Restated)
Deferred income tax assets		
Share issue expenses	-	132
Property, plant and equipment	3,893	9,012
Unused tax losses carried forward	90,778	60,006
MAT credit	9,480	8,416
Others	2,270	1,691
	106,421	**79,257**
Deferred income tax liabilities		
Property, plant and equipment	105,206	98,326
Others	4,494	1,267
	109,700	99,593
Less: Reclassified as liability associated with assets held for sale	(4,981)	-
	104,719	**99,593**
Deferred income tax (asset) / liabilities, net	**(1,702)**	**20,336**

Reconciliation of deferred tax (asset) / liability, net

	2014	2013 (Restated)
Opening balance	20,336	23,825
Deferred tax income during the year recognised in the income statement	(15,837)	(1,769)
Deferred tax expense during the year recognised other comprehensive income	561	671
MAT credit adjustment	128	-
Reclassified to held for sale	(4,981)	-
Exchange difference	(1,909)	(2,391)
Closing balance	**(1,702)**	**20,336**

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

The Group has tax losses in certain entities which arose in India of US $ 41,174 (2013: US $ 26,262) that are available for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have been loss-making for some time. The Group evaluated and concluded that it is not probable that deferred tax assets on existing tax losses will be recovered. The subsidiaries have no taxable temporary differences available that could partly support the recognition of these losses as deferred tax assets. If the Group were able to recognise all unrecognised deferred tax assets, loss would decrease by US $ 13,949 (2013: US $ 8,473).The above tax losses expire at various dates ranging from 2017 to 2022.

(continued...)

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There are certain claims / expenses amounting to US $ 13,816 which are disputed with the Income Tax department having a tax impact of US $ 4,696. The Group believes that such claims / expenses are allowable as per the provision of Income Tax Act, 1961 and there should not be any material impact on the consolidated financial statement

As at 31 March 2014 and 2013, there was no recognised deferred tax liability that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint ventures

i. the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future; and

ii. the Group controls the dividend policy of the jointly controlled entities. The Group has determined that undistributed profits of its jointly controlled entities will not be distributed in the foreseeable future.

The temporary differences associated with investments in subsidiaries and joint ventures, for which deferred tax liability has not been recognised aggregate to US $ 142,026 (2013: US $ 205,232).

31. Related party transactions

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

For detail list of subsidiaries and joint ventures see note 1.6

Key management personneland their relatives (KMP):

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

(continued...)

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

Related party transactions during the year

The following table provides the total amount of transactions that have been entered into with related parties and the outstanding balances at the end of the relevant financial year:

Particulars	Consolidated						Company				
	2014			2013			2014			2013	
	Joint Venture	Parent / GUP	KMP	Joint Venture	Parent / GUP	KMP	Subsid-iaries	Parent/ GUP	KMP	Subsid-iaries	KMP
Transactions[1,2]											
Project development fees and corporate support services fees	106	-	-	1,229	-	-	-	-	-	-	-
Interest income	2,650	-	-	4,674	-	-	-	-	-	-	-
Interest expense	10	-	-	-	-	-	-	-	-	-	-
Sale of material	1,313	-	-	507	-	-	-	-	-	-	-
Capacity charges paid	2,368	-	-	-	-	-	-	-	-	-	-
Inter-corporate deposits and loans given	31,157	-	-	10,564	38	-	44,340	-		35	-
Inter-corporate deposits and loans refunded	23,335	-	-	7,991	-	-	-	-	-	1,174	-
Loan taken	1,526	-	-	-	-	-	77	-	-	-	-
Repayment of loan taken	19	-	-	-	-	-	-	-	-	-	-
Receipt of share application money	-	18,000	-	-	-	-	-	18,000	-	-	-
Issue of shares	-	20,300	-	-	-	-	-	20,300	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	84,147	-	-	-	-
Equity-settled share based payment	-	-	10	-	-	-	-	-	10	-	-
Managerial remuneration[3]	-	-	541	-	-	692	-	-	211	-	250
	2014			2013			2014			2013	
Balances[1,2]											
Interest receivable	3,586	-	-	4,084	-	-	-	-	-	-	-
Interest payable	9	-	-	-	-	-	-	-	-	-	-
Loans and inter corporate deposits receivable	32,004	1,034	-	27,455	1,133	-	133,873	-	-	151,886	-
Loans payable	-	-	-	-	-	-	80	-	-	-	-
Other receivable	769	-	-	506	-	-	-	-	-	-	-
Other payable	1,521	-	-	-	-	-	-	-	-	-	-
Guarantees given	150	-	-	2,966			483,110	-	-	257,159	-
Managerial remuneration payable[3]	-	-	131	-	-	83	-	-	86	-	52

For the year ended 31 March 2014

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

[1]The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period end are unsecured, interest-bearing in case of loans and inter-corporate deposits and non-interest bearing in case of other loans and advances and settlement occurs in cash. For the year ended 31 March 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2013: US $ Nil). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

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

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

32. Commitments and contingencies

Operating lease commitments

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

Non-cancellable operating lease rentals are payable as follows:

	2014	2013
Not later than one year	167	7
Later than one year and not later than five years	654	-
Later than five years	-	-
Total	**821**	**7**

During the year ended 31 March 2014, US $ 1,269 (2013: US $ 1,510) is recognised as an expense in respect of operating leases.

Capital commitments

As at 31 March 2014, the Group is committed to purchase property, plant and equipment for US $ 1,589,164 (2013: US $ 1,429,536). In respect of its interest in joint ventures the Group is committed to incur capital expenditure of US $ 1,153 (2013: US $ 1,114).

Other commitments

As of 31 March 2014, the Group has contractual obligations to spend approximately US $ 965,791 (2013: US $ 24,749); under purchase obligations which include commitments to purchase a minimum quantity of fuel under the terms of the agreement with the fuel supplier.

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

Legal claim

- Sitapuram Power Limited (SPL) has certain claims and receivables from its captive consumer namely Zuari Cement Limited (ZCL) which are disputed. The Group contends that not only it has fulfilled the contractually guaranteed supplies but also the amounts claimed are as per the terms of the power purchase agreements and are in the process of reconciliation with the customer. The Group based on its evaluation of the claims believes that the claims/deductions made by ZCL are not in accordance with the PPA and not tenable and hence outstanding amounts from ZCL are recoverable. Pending resolution, no adjustments have been recorded in these financial statements.
- Arasmeta Captive Power Company Private Limited (ACPCPL) has certain claims and receivables from its captive consumer namely Lafarge India Private Limited (LIPL) which are disputed. LIPL has filed an appeal with Arbitration Panel and made certain claims and the Group has given reply challenging the claims and made various counter claims. The Group contends that not only it has fulfilled the contractually guaranteed supplies but also the amounts claimed are as per the terms of the power purchase agreement. The Group based on its evaluation of the claims believes that the claims/deductions made by LIPL are not in accordance with the PPA and not tenable and hence outstanding amounts from LIPL are recoverable. Pending outcome of the case, no adjustments have been recorded in these financial statements.

For the year ended 31 March 2014

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- The Group has received claims for US $ 10,624 from Joint Director General of Foreign Trade (DGFT) towards the recovery of the duty drawbacks, earlier refunded. The Group had earlier made claims for the refund of the duties paid on the machinery and other items purchased for the construction of the power projects under the scheme of deemed export benefit, which were accepted and refunds were granted. The communications from the DGFT regarding the recovery of the duties paid are based on the interpretations by the Policy Interpretation Committee held on 15 March 2011.The Group contends that the above change in interpretation requires an amendment to the foreign trade policy to be legally enforceable in law. Since, no such amendment can be made with retrospective effect, the Group believes that outcome of the above dispute should be in favour of the Group and there should be no material impact on the financial statements.
- Sai Wardha Power Limited (SWPL) filed a claim against Maharashtra State Electricity Distribution Company Limited ('MSEDCL') towards recovery of the amount withheld against supply of energy under Power Purchase Agreement (including penalty on such amount) amounting to US $ 11,434. The facility required for generation of an agreed quantum of power, this was not ready as per an agreed schedule on account of unexpected factors beyond the control of the Group, the Group proposed to MSEDCL anarrangement to secure the energy from alternate supplies for the short quantity required to meet the obligation under the power purchase agreement. MSEDCL accepted the proposal and also confirmed that the energy supplied from alternate sources will also be subject to the tariff agreed under the power purchase agreement. However, after initial payments for the period April to June 2010, starting July 2010 to October 2010, MSEDCL did not settle the entire dues billed and the certain amounts were withheld without any explanation. The Group contended before Maharashtra Electricity Regulatory Commission ("MERC") that since the energy supplied and billed was as per the terms agreed and the similar bills of earlier months were paid by MSEDCL, there is no cause to withhold the payments. However, MERC has dismissed the petition. The group has filed an appeal before Appellate Tribunal for Electricity (APTEL) against the order of MERC and APTEL also rejected the appeal. The Group has further filed an appeal before Honorable Supreme Court of India. Pending adjudication, the Group believes that the final outcome of the above dispute should be in favour of the Group and there should be no material impact on the financial statements.
- SWPL has recognised an amount of US $ 25,132 out of the total claim amount of US $ 62,949 relating to quality and price claims made by the Group on Western Coalfields Limited ('WCL') the coal supplier which was rejected by latter. Aggrieved by the same, the Group has filed petition with Competition Commission of India ('CCI'), relating to abuse of dominant position by WCL and Coal India Limited (CIL). The abuse relates to Pricing of Coal under the Coal Supply Agreement and supply of lower quality coal during the financial years 2012-13 and 2013-14. Having found prima facie case of abuse by WCL and CIL, the Commission,on 22nd January, 2014, ordered an investigation by the Director General. The investigation by the office of the Director General is presently underway. Pending the final investigation report and order in this regard by CCI, the Group has continued to recognise the above said amount in respect of quality claim as receivable from WCL.
- SWPL filed a claim against Maytas Infra Limited (Maytas) for the refund of the commitment deposit paid along with the accrued interest amounting to US $ 11,001 for non EPC work consisting of construction of reservoir, laying of pipeline and dedicated water handling infrastructure facilities. However, as per the agreement, since Maytas was unable to provide a legally binding techno commercial offer, the Group demanded for refund of the deposit. Maytas requested for an additional time for refunding part of the deposit and for the balance suggested to arrange a sub-contracting job from the EPC contractor of the proposed project. However, Maytas was unable to meet the commitment given. On 20 June 2013, Honorable High Court of Andhra Pradesh has admitted the writ petition filed by the SWPL for winding up of Maytas and directed Maytas to deposit a bank draft of US $ 8,352 in the name of SWPL with court within a period of three months as otherwise SWPL petition of winding up will be advertise in daily newspapers. Subsequent to this, both the parties have decided to settle the matter and accordingly the Group has signed a settlement agreement with Maytas dated 10th March, 2014 for US $ 8,854 as full and final settlement of Group's claim which was subsequently received in entirety by the Group. Hence out of the claim amount of US $ 9,097 recognised in books, the Group has received US $ 8,854 and the balance of US $ 243 has been written off in the books
- VS Lignite Power Private Limited (VSLPPL) has certain receivables from its consumers representing taxes including royalty, cess on clean energy, taxes on input fuel as well as double adjustments for the security deposit, transmission and SLDC charges which are disputed by the consumers. The Group contended before the arbitration panel that the amounts levied as part of the invoicing represents taxes on generation as per the terms of the power delivery agreement and hence to be passed through. The Group has recognised US $ 3,936 towards this claim. However, the arbitration panel has dismissed the petition against which the Group has preferred an appeal in civil court. The civil court has also passedan order against the Group. The Group has preferred an appeal in Honorable High Court of Jodhpur and pending outcome of the same the Group believes that the final determination of the above

(continued...)

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dispute would be in favour of the Group and there should be no material impact on the financial statements.

- Reliance Infrastructure Limited ('RIL') has deducted an amount of US $ 14,920 from the various invoices raised by SWPL on account of capacity charges. As per Group, if availability on a cumulative basis is greater than 75%, then RIL has no cause for recovery of any capacity charge from the invoices whereas the RIL's contention is that on supply of 85 % of Contracted Capacity SWPL shall not be permitted to recover full capacity charges. Hence, the Group has preferred an appeal before Maharashtra Electricity Regulatory Commission ("MERC") and MERC in its order directed RIL to remit the entire amount deducted, as the same were not in accordance with the PPA. MERC also gave the methodology for proportionate reduction in case of a future shortfall in Plant Availability. However RIL has preferred an appeal before APTEL against the order of MERC and also prayed for stay of the order. Pending outcome of the same, the Group has continued to show the entire amount as receivable from RIL.

- Other non-current assets include an amount of US $ 18,609 relating to Central Excise, VAT and Service Tax receivable from the respective departments by SWPL. The SWPL is registered as SEZ unit. A unit in SEZ is allowed to import goods (purchase from local market is also treated as import) without payment of Duty for the purpose of its authorised operations. The exemption from the payment of duties and taxes are provided under Section 26 of the SEZ Act, 2005. In respect of Service Tax, the entire refund claim filed till date are pending before CESTAT. In one of our earlier refund claim for the period March 2009 to June 2009, the CESTAT has already given a favourable order and thus we are confident of getting a favourable order from CESTAT. In respect of VAT claims Group has already received a refund for the financial year ending2008 and 2009 and the Group is confident to receive the refund for the remaining years as well. However, the excise duty refund claims were rejected by the department stating that there are no provision of refund under the SEZ Act to the Group and the refund if any can be permissible to WCL, the supplier of coal. However the Group has obtained a legal opinion from a reputed lawyer stating that the refund can be processed to the Group since the Group has born the duty burden and accordingly the Group is very confident that the entire amount is receivable.

- MSEDCL imposed Cross Subsidy Surcharge of US $ 20,664 on the captive users of SWPL which was against the express provisions of the Electricity Act 2003 read with the Electricity Rules, 2005. This arbitrary act of MSEDCL was challenged before the MERC, however, MERC asked Group to pay Cross Subsidy Surcharge on account of not fulfilling the conditions of 51% supply to captive users as per Rule 3 of the Electricity Rules 2005 for the FY 2012-13. Aggrieved by the said order of the MERC, SWPL has filed an appeal before the APTEL. In the view of the Group, MSEDCL ought to have been considered as a factor for non-fulfilment of eligibility criteria as per Electricity Rules, 2005. There could not have been any directions upon Group to be liable for payment of cross subsidy surcharge for the FY 2012-13, since in the event the delay caused by MSEDCL in granting open access to captive customers had not occurred, SWPL would have complied with the above said criteria. In view of the above, the Group believes that there is a good chance of succeeding before the APTEL and hence no adjustment has been made in the financial statements

- KMPCL has levied capacity charges and transmission charges to AP Discoms for the period from 16th June, 2013 to 13th August, 2013 amounting to US $ 14,590, on account of delayed fulfilment of obligation under the PPA. AP Discoms have rejected those claims and made the counter claim of US $ 3,942 for failure to furnish advance final written notice of commencement of supply of power as per article 4.1.2 of PPA. The Group has preferred an appeal before APERC for refund of amount collected by AP Discoms by encashment of bank guarantee. The Group's contention is that since the AP Discoms have failed to fulfil the obligation as per PPA, there is default on part of AP Discoms and the counter claim by AP Discoms is merely to negate the effect of KMPCL claim of capacity charges. Hence, the Group is confident that the final outcome of the case would be in favour of the Group only. Hence the amount is continued to be recognised as receivables in the books of account.

- KMPCL has levied claim for change in law on AP Discoms amounting to US $ 41,672 as per Article 10 of the PPA which was rejected by thelater. Aggrieved by the same the Group has preferred an appeal before Andhra Pradesh Electricity Regulatory Commission ("APERC") contending that subsequent to execution of the PPA, the Government of India by Presidential Directive amended the coal policy. As per the coal policy existing prior to 17 July 2013, there was no restriction or provision in regard to the nature of the PPA's to be entered into by persons to whom tapering linkages were granted. However, the Presidential Directive restricted the supply of coal to tapering linkages to only when there is a long term PPA. Further, the presidential directive, directs Coal India Limited to enter Fuel Supply Agreement (FSA) for domestic coal of 65% of Annual Contracted Quantity only for the power plants having normal coal linkages and meet the balance FSA obligation by imported coal on a cost plus basis. Accordingly the Group has recognised only US $ 14,585 out of the total claim of US $ 41,672 in books of accounts on a conservative basis. However, pending outcome of the case, the Group is confident the entire amount claimed is fully recoverable.

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

Guarantees

- The Company has guaranteed the loans and non-fund based facilities availed by subsidiaries to unrelated parties for US $ 339,442 (2013: US $ 207,945) and
- The Group guaranteed the performance of the joint ventures under the power delivery agreements to unrelated parties. No liability is expected to arise.

33. Financial risk management objectives and policies

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

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

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

The director review and agrees policies for managing each of these risks which are summarised below:

Market risk

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

The sensitivity analysis in the following sections relate to the position as at 31 March 2014 and 2013.

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

- The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risk. This is based on the financial asset and financial liabilities held at 31 March 2014 and 2013.
- The statement of the financial position sensitivity relates to derivatives and available for sale debt instruments.

Interest rate risk

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

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

(continued...)

For the year ended 31 March 2014

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

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

Currency	Change in basis points	Effect on profit before tax	
		2014	2013
INR	+100	(3,441)	(4,989)
USD	+100	(1,059)	(395)
INR	(100)	3,441	4,989
USD	(100)	1,059	395

If interest rates increase or decrease by 100 basis points with all other variables being constant, the Company's loss before tax for the year ended 31 March 2014 would increase or decrease by US $ Nil (2013: US $ Nil).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The majority of our assets are located in India where the Indian rupee is the functional currency for our subsidiaries. Currency exposures also exist in the nature of capital expenditure and services denominated in currencies other than the Indian Rupee.

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

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

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

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

Currency	2014		2013	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities (Restated)
Indian Rupee	487,997	2,422,067	585,996	2,382,852
Great Britain Pound	1,260	1,255	2,508	1,111
United States Dollar	94,152	939,049	18,763	967,253
Others	23	1,805	30	2,878

(continued...)

For the year ended 31 March 2014

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

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

Currency	2014 Financial assets	2014 Financial liabilities	2013 Financial assets	2013 Financial liabilities (Restated)
Great Britain Pound	75,674	1,264	270	1,109
United States Dollar	66,443	62,250	164,085	54,287

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

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

2013	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Indian Rupee	54.655	(91,096)	(91,096)
Great Britain Pound	0.6584	(4,146)	(4,146)

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

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

2013	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Great Britain Pound	0.6584	10,941	10,941

Equity price risk

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

At the reporting date, the Group's exposure to unlisted equity securities was US $ 21,439 (2013 US $ 24,212) and the exposure to listed equity securities at fair value was US $ 1,522 (2013 US $ 2,285).

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

At the reporting date, the Company's exposure to unlisted equity securities (excluding investment in subsidiaries) was US $ Nil (2013: US $ Nil).

A decrease of 10% on the Indian market index would have an impact of approximately US $ 12 (2013: US $ 42) on the income or equity attributable to the Group, depending on whether or not the decline is significant and prolonged. An increase of 10% in the value of the Indian market index would impact income or equity by similar amounts.

A decrease of 10% on the UK market index would have an impact of approximately US $ 23(2013: US $ 6) on the income or equity attributable to the Group, depending on whether or not the decline is significant and prolonged. An increase of 10% in the value of the UK market index would impact income or equity by similar amounts.

Credit risk analysis

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its financing activities, including short-term deposits with banks and financial institutions, and other financial assets.

The carrying value of financial assets represents the maximum exposure for credit risk. The maximum exposure to credit risk of each class of financial assets at the reporting date was as follows:

	Note	Carrying value	
		2014	2013
Debt securities	12	33	3,149
Short term deposits with banks	16	138,244	265,389
Non-current bank deposits	12	10,953	31,208
Loans and receivables			
- Trade and other receivables	14	161,561	122,524
- Other financials assets	12	138,013	118,654
		448,804	**540,924**

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

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

The Group's/ Company's maximum exposure for financial guarantees are noted in note 32.

The Group's management believes that all the above financial assets, except as mentioned in note 12 and 14, 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.

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

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and short term deposits provides liquidity both in short-term as well as in long-term. Anticipated future cash flows and undrawn long term committed facilities of US $ 1,135,523.together with cash and short term deposits of US $ 194,054 as at 31 March 2014, are expected to be sufficient to meet the on-going capital investment programme and liquidity requirement of the Group in the near future.

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

	Current	Non-current		Total
	within 12 months	1-5 years	Later than 5 years	
Interest-bearing loan and borrowings	1,217,813	1,713,157	1,226,365	4,157,334
Trade and other payables	391,124	52,110	-	443,234
Other financial liabilities	5,073	21,053	7,140	33,266
Total	**1,614,010**	**1,786,320**	**1,233,505**	**4,633,834**

The following is an analysis of the Group contractual undiscounted cash flows payable under financial liabilities at 31 March 2013:

(Restated)	Current	Non-current		Total
	within 12 months	1-5 years	Later than 5 years	
Interest-bearing loan and borrowings	1,270,444	1,899,101	898,582	4,068,127
Trade and other payables	438,664	61,107	-	499,771
Total	**1,709,108**	**1,960,208**	**898,582**	**4,567,898**

The Company's contractual undiscounted cash flows payable under financial liabilities as at 31 March 2014 is US $ 63,514(2013: US $ 55,395).

Capital management

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

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

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

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

(continued...)

For the year ended 31 March 2014

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

No changes were made in the objectives, policies or processes during the year ended 31 March 2014 and 2013.

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

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

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

	2014	2013 (Restated)
Total borrowing	2,888,676	2,855,648
Less: Cash and short-term deposit	194,054	305,264
Net debt	**2,694,622**	**2,550,384**
Equity	582,273	641,186
Total equity	582,273	**641,186**
Net debt to equity ratio	**4.63**	**3.98**

34. Financial Instruments

Carrying amounts versus fair values

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

	Carrying amount 2014	Fair value 2014	Carrying amount 2013 (Restated)	Fair value 2013 (Restated)
Non- current financial assets				
Trade and other receivables	3,422	3,422	6,272	6,272
Equity securities - available-for-sale	22,865	22,865	26,354	26,354
Loans and receivables	70,563	70,563	40,483	40,483
Derivative assets	50,196	50,196	-	-
Non-current bank deposits	10,953	10,953	31,208	31,208
Total non-current	**157,999**	**157,999**	**104,317**	**104,317**
Current financial assets				
Trade and other receivables	158,139	158,139	116,252	116,252
Equity securities - held for trading	97	97	144	144
Debt securities-held for trading	33	33	3,149	3,149
Loans and receivables	73,110	73,110	78,171	78,171
Cash and short-term deposits	194,054	194,054	305,264	305,264
Total current	**425,433**	**425,433**	**502,980**	**502,980**
Total	**583,432**	**583,432**	**607,297**	**607,297**

(continued...)

For the year ended 31 March 2014

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

	Carrying amount 2014	Fair value 2014	Carrying amount 2013 (Restated)	Fair value 2013 (Restated)
Non- current financial liabilities				
Trade and other payables	51,110	51,110	59,782	59,782
Interest bearing loans and borrowings	1,943,926	1,943,926	1,834,526	1,834,526
Interest rate swaps	1,045	1,045	-	-
Option premium payable	27,148	27,148	-	-
Total non-current	**2,023,229**	**2,023,229**	**1,894,308**	**1,894,308**
Current financial liabilities				
Trade and other payables	391,124	391,124	438,664	438,664
Interest bearing loans and borrowings	944,750	944,750	1,021,122	1,019,039
Derivatives not designated as hedge	53	53	-	-
Option premium payable	5,020	5,020	-	-
Total current	**1,340,947**	**1,340,947**	**1,459,786**	**1,457,703**
Total	**3,364,176**	**3,364,176**	**3,354,094**	**3,352,011**

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

	Carrying amount 2014	Fair value 2014	Carrying amount 2013 (Restated)	Fair value 2013 (Restated)
Non-current financial assets				
Loans and receivables to subsidiaries	133,873	133,873	151,877	151,877
Loans and receivables	5,660	5,660	-	-
Total non-current	**139,533**	**139,533**	**151,877**	**151,877**
Current financial assets				
Loans and receivables	4	4	9,557	9,557
Cash and short-term deposits	173	173	287	287
Total current	**177**	**177**	**9,844**	**9,844**
Total	**139,710**	**139,710**	**161,721**	**161,721**
Current financial liabilities				
Trade and other payables	1,486	1,486	1,276	1,276
Interest bearing loans and borrowings	62,028	62,028	54,119	54,119
Total current	**63,514**	**63,514**	**55,395**	**55,395**

(continued...)

For the year ended 31 March 2014

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

Fair value hierarchy

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

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

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

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

Reconciliation of Level 3 fair value measurements of financial assets:

2014	Available-for-sale Unquoted Equities	Total
Opening balance	322	322
Total gains or losses:	-	-
- in income statement	-	-
- in other comprehensive income	(28)	(28)
Settlements	-	-
Transfers into level 3	21,145	21,145
Closing balance	**21,439**	**21,439**

For the year ended 31 March 2014

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

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

2013	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity securities - available-for-sale	2,141	23,890	322	26,353
Equity securities - held for trading	144	-	-	144
Debt securities-held for trading	3,149	-	-	3,149
Total	**5,434**	**23,890**	**322**	**29,646**

2013	Available-for-sale Unquoted Equities	Total
Opening balance	343	343
Total gains or losses:	-	-
- in income statement	14	14
- in other comprehensive income	(15)	(15)
Settlements	(20)	(20)
Transfers out of level 3	-	-
Closing balance	**322**	**322**

Valuation techniques

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

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

The fair value of the unquoted ordinary shares has been determined using a discounted cash flow model. The valuation requires management to make certain assumptions about unobservable inputs to the model, of which the significant unobservable inputs are disclosed in the table below.

Average growth rate for cash flows in subsequent years	3.00%
Discount rate	11.01%

Apart from the above, forecast cash flows for first five years is a significant unobservable input. The management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value. An increase in the forecast cash flows and the growth rate for cash flows in the subsequent periods would both lead to an increase in the fair value of the equity instruments. An increase in the discount rate used to discount the forecast cash flows would lead to a decrease in the fair value of the equity instruments. The significant unobservable inputs are not interrelated. The fair value of the equity instruments is not significantly sensitive to a reasonable change in the forecast cash flows or the discount rate, however it is to a reasonable change in the growth rate.

(continued...)

For the year ended 31 March 2014

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

35. Note on change in accounting policy

Consequent to amendments in new accounting standards as enumerated in note 1, the Group has restated the statement of financial performance and position of the Group for the year ended 31 March 2013 so as to show the impact of applicable accounting standards for the Group. The impact of adoption of these new accounting standards is as follows:

A. Income statement, Statement of comprehensive income and statement of financial position for the year ended 31 March 2014

Income Statement

	IFRIC 20	IAS 19 R	Total
Cost of revenue	1,488	-	1,488
General and administrative expenses	-	(336)	(336)
Tax income / (expense)	(546)	256	(290)
(Loss) / profit for the year	942	(80)	862
Attributable to:			
Owners of the Company	857	(52)	805
Non-controlling interests	85	(28)	57
	942	(80)	862
Statement of Comprehensive Income			
(Loss) / profit for the period	942	(80)	862
Items that will never be reclassified to income statement			
Re-measurement of defined benefit liability	-	859	859
Income tax relating to re-measurement of defined benefit liability	-	(254)	(254)
Total	**-**	**605**	**605**
Items that are or may be reclassified subsequently to income statement			
Foreign currency translation differences	1,769	402	2,171
Total	**1,769**	**402**	**2,171**
Other comprehensive (expense) / income, net of tax	**1,769**	**1,007**	**2,776**
Total comprehensive (expense) / income for the year	**2,711**	**927**	**3,638**
Attributable to:			
Owners of the Company	2,625	956	3,581
Non-controlling interests	86	(29)	57
	2,711	**927**	**3,638**

(continued...)

For the year ended 31 March 2014

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

Statement of financial position as at 31 March 2014

	IFRIC 20	IAS 19 R	Total
Property, plant and equipment	-	880	880
Other non-current assets	-	54	54
Foreign currency translation reserve	1,769	403	2,172
Other reserves	-	549	549
Retained earnings / (Accumulated deficit)	791	(21)	770
Equity attributable to owners of the Company	2,560	931	3,491
Non-controlling interests	152	(4)	148
Deferred tax liability	1,397	-	1,397
Employee benefit liability	-	7	7
Trade and other payables	(4,109)	-	(4,109)

B. Income statement, Statement of comprehensive income for the year ended 31 March 2013

Income Statement

	As reported at 31 March 2013	IFRIC 20	IAS 19 R	As restated at 31 March 2013
Revenue	392,821	-	-	392,821
Cost of revenue	(236,741)	1,139	-	(235,602)
Gross profit	**156,080**	**1,139**	**-**	**157,219**
Other operating income	1,648	-	-	1,648
Distribution costs	(7,037)	-	-	(7,037)
General and administrative expenses	(31,541)	-	(137)	(31,678)
Operating profit / (loss)	**119,150**	**1,139**	**(137)**	**120,152**
Finance costs	(120,984)	-	-	(120,984)
Finance income	38,296	-	-	38,296
(Loss) / profit before tax	**36,462**	**1,139**	**(137)**	**37,464**
Tax income / (expense)	1,788	(545)	162	1,405
(Loss) / profit for the year	**38,250**	**594**	**25**	**38,869**
Attributable to:				
Owners of the Company	23,843	545	18	24,406
Non-controlling interests	14,407	49	7	14,463
	38,250	**594**	**25**	**38,869**
Statement of Comprehensive Income				
(Loss) / profit for the year	38,250	594	25	38,869
Items that will never be reclassified to income statement				
Re-measurement of defined benefit liability	-	-	523	523
Income tax relating to re-measurement of defined benefit liability	-	-	(159)	(159)
Total	**-**	**-**	**364**	**364**

(continued...)

For the year ended 31 March 2014

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

	As reported at 31 March 2013	IFRIC 20	IAS 19 R	As restated at 31 March 2013
Items that are or may be reclassified subsequently to income statement				
Foreign currency translation differences	(28,501)	(67)	(2)	(28,570)
Available-for-sale financial assets				
- current period losses	(3,051)	-		(3,051)
- reclassification to income statement	4,258	-		4,258
Income tax relating to available for sale financial asset	35	-		35
Other comprehensive (expense) / income, net of tax	**(27,259)**	**(67)**	**(2)**	**(27,328)**
Total comprehensive (expense) / income for the year	**10,991**	**527**	**387**	**11,905**
Attributable to:				
Owners of the Company	5,451	490	380	6,321
Non-controlling interests	5,540	37	7	5,584
	10,991	**527**	**387**	**11,905**

Statement of financial position as at 31 March 2013.

	As reported at 31 March 2013	IFRIC 20	IAS 19 R	As restated at 31 March 2013
Property, plant and equipment	3,273,033	-	417	3,273,450
Other non-current assets	67,406		21	67,427
Foreign currency translation reserve	(78,380)	(139)	(16)	(78,535)
Other reserves	141,674	-	588	142,262
Retained earnings / (Accumulated deficit)	119,337	1,741	(139)	120,939
Equity attributable to owners of the Company	439,536	1,602	433	441,571
Non-controlling interests	199,290	326	(1)	199,615
Deferred tax liability	35,063	926	(4)	35,985
Employee benefit liability	1,050	-	11	1,061
Trade and other payables	441,518	(2,854)	-	438,664

(continued...)

For the year ended 31 March 2014

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

C. Statement of financial position as at 1 April 2012.

	As reported at 1 April 2012	IFRIC 20	IAS 19 R	As restated at 1 April 2012
Property, plant and equipment	2,685,771	-	37	2,685,808
Other non-current assets	58,722	-	11	58,733
Foreign currency translation reserve	(58,783)	(102)	4	(58,881)
Other reserves	140,189	-	226	140,415
Retained earnings / (Accumulated deficit)	98,407	1,252	(184)	99,475
Equity attributable to owners of the Company	436,825	1,150	46	438,021
Non-controlling interests	188,192	252	(2)	188,442
Deferred tax liability	37,699	401	(2)	38,098
Employee benefit liability	947	-	6	953
Trade and other payables	287,701	(1,803)	-	285,898

36. Subsequent Event:

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

During the month of June 2014, KEVL issued an additional 40,404,040 equity shares of face value of Rs. 10 (U.S. $ 0.17) each at a premium of Rs. 89 (U.S. $ 1.49) per share in the Indian domestic market by way of Qualified Institutional Placement (QIP). The issue was fully subscribed and KEVL raised Rs. 3,895,379,320 (U.S. $ 65,072) net of share issue expenses of Rs 104,620,640 (US $ 1,748).

Pursuant to the issuance of the additional equity share's the ownership interest of the Group in KEVL decreased from 74.94 percent to 67.61 percent resulting in a 7.33 percent deemed partial disposal of the Group's controlling interest in a subsidiary without loss of control.

Glossary

Acts	the Isle of Man Companies Acts 1931 to 2004, as amended
ACPCPL/Arasmeta	Arasmeta Captive Power Company Private Limited
AGM	Annual General Meeting
CIL	Coal India Limited
Combined Code	the Combined Code on Corporate Governance, issued by the Financial Reporting Council
Company or KPVP or parent	KSK Power Ventur plc
EPC	Engineering, Procurement and Construction
Electricity Act	the Indian Electricity Act 2003 as amended
FSA	Fuel Supply Agreement
FY	Financial Year commencing from 1 April 2012 to 31 March 2013
GAIL	Gas Authority of India Limited
Group or KSK	the Company and its subsidiaries
GIDC	Goa Industrial Development Corporation
GMDC	Gujarat Mineral Development Corporation
GDP	Gross Domestic Product
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
JRPGPL	J R Power Gen Private Limited
kWH	kilowatt hour
KSKEV	KSK Energy Ventures Limited
K&S	K&S Consulting Group Private Limited, a company controlled, and majority owned, by the Promoters
KMPCL/KSK Mahanadi	KSK Mahanadi Power Company Limited
KSKMRPL	KSK Mineral Resources Private Limited
KSK Dibbin	KSK Dibbin Hydro Power Private Limited
KSKWater	KSK Water Infrastructures Private Limited
KSK Wind Energy	KSK Wind Energy Private Limited
PPA	Power Purchase Agreement
Raigarh	Raigarh Champa Rail Infrastructure
Sai Maithili	Sai Maithili Power Company Private Limited
SRPCPL/Sai Regency	Sai Regency Power Corporation Private Limited
SPL/Sitapuram	Sitapuram Power Limited
SCCL	Singareni Collieries Company Limited
SPV	Special purpose vehicle, each being an Indian registered company incorporated for the purpose of a specific power project
SAST	Substantial Acquisition of Shares and Takeovers Regulation, 1997
SWPL	Sai Wardha Power Limited
US$ or U.S.$ or $	US Dollars, the lawful currency of the US
UK or United Kingdom	United Kingdom of Great Britain and Northern Ireland
UK LLP	United Kingdom Limited Liability Partnership
VSLP/VS Lignite	VS Lignite Power Private Limited
ZCL	Zuari Cement Limited
£ or Sterling	Pounds or sterling, the lawful currency of the UK

Sai Wardha, Maharashtra

Directors

Thiruvengadam Lakshman Sankar
(Non-Executive Chairman)

Subramaniam Ramachandran Iyer
(Non-Executive Director)

Vladimir Dlouhy
(Non-Executive Director)

Abhay Mahadeo Nalawade
(Non-Executive Director)

Keith Nicholas Henry
(Non-Executive Director)

Guy Delemere Lafferty
(Non-Executive Director)

Sethuraman Kishore
(Executive Director)

Kolluri Ayyappa Sastry
(Executive Director)

Company Secretary

Richard Vernon Vanderplank

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CREST Agent

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Scrip Code

KSK

KSK Power Ventur plc

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