KSK Power Ventur plc

Consolidated and Company Financial Statements

For the year ended 31 March 2013

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KSK Power Ventur plc

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 March 2013
(All amount in thousands of US $, unless otherwise stated)

	Notes	Consolidated		Company	
		2013	**2012**	**2013**	**2012**
ASSETS					
Non-current					
Property, plant and equipment	9	3,273,033	2,685,771	1	1
Intangible assets and goodwill	10	22,326	23,589	-	-
Investments and other financial assets	11	98,045	109,356	295,191	309,853
Other non-current assets	12	67,406	58,722	-	-
Trade and other receivables	13	6,272	5,995	-	-
Deferred tax asset	28	15,649	14,273	-	-
		3,482,731	2,897,706	295,192	309,854
Current					
Investments and other financial assets	11	81,464	85,461	9,557	332
Other current assets	12	42,490	39,648	883	75
Trade and other receivables	13	116,252	97,805	-	-
Inventories	14	26,246	21,960	-	-
Cash and short-term deposits	15	305,264	417,585	287	1,598
		571,716	662,459	10,727	2,005
Total assets		**4,054,447**	**3,560,165**	**305,919**	**311,859**
EQUITY AND LIABILITIES					
Issued capital	16	263	263	263	263
Share premium	16	253,890	253,890	253,890	253,890
Foreign currency translation reserve	16	(78,380)	(58,783)	6,420	12,217
Revaluation reserve	16	2,752	2,859	-	-
Other reserves	16	141,674	140,189	-	-
Retained earnings / (Accumulated deficit)	16	119,337	98,407	(10,049)	(8,455)
Equity attributable to owners of the Company		439,536	436,825	250,524	257,915
Non-controlling interests		199,290	188,192	-	-
Total equity		638,826	625,017	250,524	257,915
Non-current liabilities					
Interest-bearing loans and borrowings	17	1,834,526	1,409,050	-	-
Trade and other payables	18	59,782	48,981	-	-
Provisions	19	2,541	2,480	-	-
Deferred revenue	20	8,403	9,150	-	-
Employee benefit liability	21	1,050	947	-	-
Deferred tax liability	28	35,063	37,699	-	-
		1,941,365	1,508,307	-	-
Current liabilities					
Interest-bearing loans and borrowings	17	1,021,122	1,128,911	54,119	52,475
Trade and other payables	18	441,518	287,701	1,276	1,469
Deferred revenue	20	928	984	-	-
Other current liabilities	22	9,259	6,417	-	-
Taxes payable		1,429	2,828	-	-
		1,474,256	1,426,841	55,395	53,944
Total liabilities		3,415,621	2,935,148	55,395	53,944
Total equity and liabilities		**4,054,447**	**3,560,165**	**305,919**	**311,859**

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

Approved by the Board of Directors on 6 July 2013 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

CONSOLIDATED AND COMPANY INCOME STATEMENT
for the year ended 31 March 2013
(All amount in thousands of US $, unless otherwise stated)

		Consolidated		Company	
	Notes	**2013**	**2012**	**2013**	**2012**
Revenue	23	392,821	383,226	-	-
Cost of revenue	24	(236,741)	(253,214)	-	-
Gross profit		**156,080**	**130,012**	**-**	**-**
Other operating income	25	1,648	23,604	42	-
Distribution costs		(7,037)	(1,789)	-	-
General and administrative expenses	24	(31,541)	(29,425)	(784)	(839)
Operating profit / (loss)		**119,150**	**122,402**	**(742)**	**(839)**
Finance costs	26	(120,984)	(160,508)	(2,342)	(3,170)
Finance income	27	38,296	39,256	1,490	131
Profit / (loss) before tax		**36,462**	**1,150**	**(1,594)**	**(3,878)**
Tax income / (expense)	28	1,788	(11,068)	-	-
Profit / (loss) for the year		**38,250**	**(9,918)**	**(1,594)**	**(3,878)**
Attributable to:					
Owners of the Company		23,843	(932)	(1,594)	(3,878)
Non-controlling interests		14,407	(8,986)	-	-
		38,250	**(9,918)**	**(1,594)**	**(3,878)**
Earnings / (loss) per share					
Weighted average number of ordinary shares for basic and diluted earnings per share		159,378,600	152,203,869		
Basic and diluted (US $)		0.15	(0.01)		

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

Approved by the Board of Directors on 6 July 2013 and signed on behalf by:

S. Kishore — Executive Director

K. A. Sastry — Executive Director

CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2013

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

		Consolidated		Company	
	Notes	**2013**	**2012**	**2013**	**2012**
Profit / (loss) for the year		**38,250**	**(9,918)**	**(1,594)**	**(3,878)**
Other comprehensive income					
Foreign currency translation differences		(28,501)	(97,792)	(5,797)	4,706
Available-for-sale financial assets					
- current period losses		(3,051)	(1,239)	-	-
- reclassification to income statement		4,258	514	-	-
Reclassification of reserve on deemed disposal of interest in joint venture		-	(2,485)	-	-
Income tax relating to available for sale financial asset		35	173	-	-
Other comprehensive (loss) / income, net of tax		**(27,259)**	**(100,829)**	**(5,797)**	**4,706**
Total comprehensive income / (loss) for the year		**10,991**	**(110,747)**	**(7,391)**	**828**
Attributable to:					
Owners of the Company		5,451	(62,562)	(7,391)	828
Non-controlling interests		5,540	(48,185)	-	-
		10,991	**(110,747)**	**(7,391)**	**828**

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

Approved by the Board of Directors on 6 July 2013 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

KSK Power Ventur plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2012

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

	Attributable to owners of the Company									
	Issued capital (No. of shares)	**Issued capital (Amount)**	**Share premium**	**Foreign currency translation reserve**	**Revaluation reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
As at 1 April 2011	**151,789,145**	**251**	**194,435**	**(260)**	**6,219**	**217,112**	**97,336**	**515,093**	**335,595**	**850,688**
Issue of shares	7,589,455	12	59,455	-	-	-	-	**59,467**	-	**59,467**
Tax consequence on share issue expenses	-	-	-	-	-	(1,736)	-	**(1,736)**	-	**(1,736)**
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	14,841	**14,841**
Issuance of equity shares by subsidiary	-	-	-	-	-	-	-	-	306	**306**
Acquisition of non-controlling interests without change in control	-	-	-	-	-	(72,080)	-	**(72,080)**	(115,722)	**(187,802)**
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-	-	(1,357)	**(1,357)**	1,357	-
Net depreciation transfer for property, plant and equipment	-	-	-	-	(121)	-	121	-	-	-
Transaction with owners	**-**	**-**	**-**	**-**	**(121)**	**(73,816)**	**(1,236)**	**(15,706)**	**(99,218)**	**(114,924)**
Loss for the year	-	-	-	-	-	-	(932)	**(932)**	(8,986)	**(9,918)**
Other comprehensive income										
Foreign currency translation differences	-	-	-	(58,523)	-	-	-	**(58,523)**	(39,269)	**(97,792)**
Available-for-sale financial assets										
- current year losses	-	-	-	-	-	(1,160)	-	**(1,160)**	(79)	**(1,239)**
- reclassification to income statement	-	-	-	-	-	365	-	**365**	149	**514**
Reclassification of reserves on deemed disposal of interest in joint venture	-	-	-	-	(3,239)	(2,485)	3,239	**(2,485)**	-	**(2,485)**
Income tax relating to available-for-sale financial asset	-	-	-	-	-	173	-	**173**	-	**173**
Total comprehensive income for the year	**-**	**-**	**-**	**(58,523)**	**(3,239)**	**(3,107)**	**2,307**	**(62,562)**	**(48,185)**	**(110,747)**
Balance as at 31 March 2012	**159,378,600**	**263**	**253,890**	**(58,783)**	**2,859**	**140,189**	**98,407**	**436,825**	**188,192**	**625,017**

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

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

KSK Power Ventur plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2013

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

	Attributable to owners of the Company									
	Issued capital (No. of shares)	**Issued capital (Amount)**	**Share premium**	**Foreign currency translation reserve**	**Revaluation reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
As at 1 April 2012	**159,378,600**	**263**	**253,890**	**(58,783)**	**2,859**	**140,189**	**98,407**	**436,825**	**188,192**	**625,017**
Non-controlling interests arising on acquisition of subsidiary	-	-	-	-	-	-	-	-	2	**2**
Issuance of equity shares by subsidiaries (see note 7)	-	-	-	-	-	27	-	27	2,813	**2,840**
Acquisition of non-controlling interests without change in control (see note 6)	-	-	-	-	-	253	-	253	(277)	**(24)**
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-	-	(3,020)	(3,020)	3,020	-
Net depreciation transfer for property, plant and equipment	-	-	-	-	(107)	-	107	-	-	-
Transaction with owners	**-**	**-**	**-**	**-**	**(107)**	**280**	**(2,913)**	**(2,740)**	**5,558**	**2,818**
Profit for the year	-	-	-	-	-	-	23,843	23,843	14,407	**38,250**
Other comprehensive income										
Foreign currency translation differences	-	-	-	(19,597)	-	-	-	(19,597)	(8,904)	**(28,501)**
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	**-**	**-**	**-**	**(19,597)**	**-**	**1,205**	**23,843**	**5,451**	**5,540**	**10,991**
Balance as at 31 March 2013	**159,378,600**	**263**	**253,890**	**(78,380)**	**2,752**	**141,674**	**119,337**	**439,536**	**199,290**	**638,826**

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

[1] The Group entities have arrangements of sharing of profits with its non-controlling share holders, 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 Consolidated income statement. However, the non controlling interest disclosed in Statement of changes in equity is calculated in the proportion of the actual shareholding as at the reporting date.

KSK Power Ventur plc

COMANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2013
(All amount in thousands of US $, unless otherwise stated)

	Issued capital (No. of shares)	Issued capital (Amount)	Share premium	Foreign currency translation reserve	Accumulated deficit	Total equity
As at 1 April 2011	**151,789,145**	**251**	**194,435**	**7,511**	**(4,577)**	**197,620**
Issue of equity shares	7,589,455	12	59,455	-	-	**59,467**
Transaction with owners	**7,589,455**	**12**	**59,455**	**-**	**-**	**59,467**
Loss for the year	-	-	-	-	(3,878)	**(3,878)**
Other comprehensive income						
Foreign currency translation differences	-	-	-	4,706	**-**	**4,706**
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**4,706**	**(3,878)**	**828**
Balance as at 31 March 2012	**159,378,600**	**263**	**253,890**	**12,217**	**(8,455)**	**257,915**
As at 1 April 2012	**159,378,600**	**263**	**253,890**	**12,217**	**(8,455)**	**257,915**
Transaction with owners	-	-	-	-	-	-
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	**159,378,600**	**263**	**253,890**	**6,420**	**(10,049)**	**250,524**

(See accompanying notes to Consolidated and Company financial statements)

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
for the year ended 31 March 2013
(All amount in thousands of US $, unless otherwise stated)

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
Cash inflow / (outflow) from operating activities				
Profit / (loss) before tax	36,462	1,150	(1,594)	(3,878)
Adjustment				
Depreciation and amortization	39,492	42,829	-	-
Finance cost	120,984	137,291	2,341	3,218
Finance income	(28,008)	(39,256)	(1,586)	(131)
Provision for doubtful capital advances and trade receivable	8,958	3,070	-	-
Gain on re-measurement of equity interest	-	(536)	-	-
Loss / (profit) on sale of fixed assets, net	458	(5,292)	-	-
others	(120)	(214)	-	-
Change in working capital				
Trade receivables and unbilled revenue	(28,347)	(25,018)	-	-
Inventories	(4,286)	(6,603)	-	-
Other assets	(12,305)	(5,177)	(845)	(77)
Trade payables and other liabilities	2,712	2,208	(126)	1,046
Provisions and employee benefit liability	103	362	-	-
Cash generated from /(used in) operating activities	136,103	104,814	(1,810)	178
Taxes paid, net	(10,440)	(6,460)	-	-
Net cash provided by / (used in) operating activities	**125,663**	**98,354**	**(1,810)**	**178**
Cash inflow / (outflow) from investing activities				
Movement in restricted cash, net	35,969	(20,421)	-	13,039
Purchase of property, plant and equipment & other non-current assets [1]	(394,515)	(746,862)	-	(1)
Proceed from sale of wind mill undertaking	11,069	30,061	-	-
Proceeds from sale of property, plant and equipment	4,815	-	-	-
Net cash flow on business combination	-	4,015	-	-
Purchase of financial instruments	(103,168)	(136,419)	-	(118,067)
Proceeds from sale of financial instruments	121,337	134,854	1,184	12,200
Dividend income	482	491	-	-
Finance income	37,460	30,358	-	297
Net cash flow (used in)/provided by investing activities	**(286,551)**	**(703,923)**	**1,184**	**(92,532)**
Cash inflow / (outflow) from financing activities				
Proceeds from borrowings	1,202,714	1,657,188	1,515	53,239
Repayment of borrowings	(786,440)	(593,454)	(240)	(9,300)
Interest paid	(314,275)	(228,495)	(1,997)	(3,934)
Payment for acquisition of non-controlling interest	(24)	(187,802)	-	-
Net proceeds from issue of shares and share application money in subsidiary to non-controlling interest	4,478	1,748	-	-
Net proceeds from issue of shares	-	59,467	-	59,467
Net cash flow provided by / (used in) financing activities	**106,453**	**708,652**	**(722)**	**99,472**
Effect of exchange rate changes	(21,917)	(44,112)	37	(7,032)
Net (decrease) / increase in cash and cash equivalent	**(76,352)**	**58,971**	**(1,311)**	**86**
Cash and cash equivalent at the beginning of the year	120,186	61,215	1,598	1,512
Cash and cash equivalent at the end of the year (note 15)	**43,834**	**120,186**	**287**	**1,598**

[1] Includes upfront premium paid to the government or others towards long term land leases.

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

NOTES TO CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

for the year ended 31 March 2013

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 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 23.

1.3. Statement of compliance /responsibility statement

The Consolidated and Company financial statements contained in this document has 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 6 July 2013.

1.4. Financial period

The Consolidated and Company financial statements cover the period from 1 April 2012 to 31 March 2013, with comparative figures from 1 April 2011 to 31 March 2012.

1.5. Basis of preparation

These financial statements have been prepared under IFRS.

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
- employee defined benefit assets are recognised as the net total of the fair value of plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

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 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 $ 902,540, with short term facilities expiring in March 2014 totalling US $ 921,359 and a committed capital spend of US $ 1,475,717. 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. Anticipated future cash flows and undrawn long term committed facilities of US $ 1,323,911 together with cash and short term deposits of US $ 305,264 as at 31 March 2013 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 2014 are in the process of being extended and have rollover clause in a number of cases.

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	% shareholding	
			2013	2012
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')	KGPP	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 Shiggaon Haveri Private Limited ('KWESHPL')	KGEPL	India	100	100
KSK Wind Energy Mugali Chikodi Private Limited ('KWEMCPL')	KGEPL	India	100	100
KSK Wind Power Yadahalli Benchi 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 Tirupur Udumalpet 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
KSK Surya Photovoltaic Venture Limited ('KSPVL') (see note 7)	KSVL	India	93.25	100
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')	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 (formerly KSK Cargo Mover Private Limited) ('RCRIPL')	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') (see note 6)	KEVL	India	100	74
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

Subsidiaries	Immediate parent	Country of incorporation	% shareholding	
			2013	2012
KSK Jameri Hydro Power Private Limited ('KJHPPL')	KEVL	India	100	100
KSK Dinchang Power Company Private Limited ('KDPCPL')	KEVL	India	100	100
Tila Karnali Hydro Electric Company Private Limited ('TKHECPL')	KEVL	Nepal	80	80
Bheri Hydro Power Company Private Limited ('BHPCPL') [1]	KEVL	Nepal	90	-
Sai Regency Power Corporation Private Limited ('SRPCPL')	KEFIPL	India	79.70	79.70
Wardha Power Company Limited ('WPCL')	KEFIPL	India	87	87
VS Lignite Power Private Limited ('VSLPPL')	KEFIPL	India	74	74
Sai Power Pte Ltd ('SPPL') [1]	KMPCL	Singapore	100	-
Sai Maithili Power Company Private Limited ('SMPCPL')	VSLPPL	India	100	100
Field Mining and Ispats Limited ('FMIL')	WPCL	India	85	85

[1] New SPV's incorporated during the year

- Bheri Hydro Power Company Private Limited ('BHPCPL')
- Sai Power Pte Ltd ('SPPL')

(b) Joint ventures

Joint ventures	Venturer	Country of incorporation	% shareholding	
			2013	2012
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 2013, the Group hold 99.87 percent of the outstanding share capital of JRPGPL. The judicial order requires the Company to offer to the non-group shareholders 49% of JRPGPL. 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 $ 686 in note 11 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 2012, noted below:

The following amendment to IFRS did not have any impact on the accounting policies, financial position or performance of the Group:

IAS 12 *Deferred tax: Recovery of Underlying Assets* (Amendment)

This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale. Effective implementation date is for annual periods beginning on or after 1 January 2012.

The Group does not have any investment properties hence the amendment is not applicable and it has no impact on the financial statement of the Group.

IFRS 7 - *Disclosures - Transfers of financial assets* (Amendment)

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after 1 July 2011 with no comparative requirements.

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 1	Presentation of financial statements – revision to items presented under other comprehensive income - Amendments	1 July 2012
IAS 19	Defined benefit plans - Amendments	1 January 2013
IAS 27 (R)	Separate financial statements	1 January 2013
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 7	Disclosures: Offsetting financial assets and financial liabilities	1 January 2013
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
IFRS 13	Fair value measurement	1 January 2013
IFRIC 20	Stripping costs in the production phase of surface mine	1 January 2013

The Group has yet to assess the impact of IFRS 10, IFRS 11, IFRS 12, IFRS 13 and IFRIC 20 on the Consolidated financial statements of the Group. However the management does

Based on the Group's current business model and accounting policies, management does not expect the application of the above standards, to have any material impact on its financial statements when those Standards become effective.

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 2013.

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.
- 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.

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.

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 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 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 for using the cost method 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.

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.

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, amortisation 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 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 Group defers stripping costs incurred during production where this is the most appropriate basis for matching the costs against the related economic benefits and the effect is material. This is generally the case where there are fluctuations in waste costs over the life of a pit, and the effect is material.

The amount of stripping costs deferred is based on the ratio ("Ratio") obtained by dividing the amount of waste mined by the ore mined. Waste costs incurred in the period are deferred to the extent that the current period Ratio exceeds the life of the pit Ratio. Such deferred costs are then charged to income statement to the extent that in subsequent periods the current period Ratio falls short of the life of the pit Ratio. The life of pit Ratio is based on ore reserves of the pit.

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 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.

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

4.16. Impairment of non-financial assets

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

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

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

Goodwill

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

4.17. Cash and short-term deposits

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

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

4.18. Inventories

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

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

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

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

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

4.19. Segment reporting

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

The activities undertaken by the Power generation segment includes sale of power and other related services. The project management of these power plants is undertaken by the service segment. The accounting policies used by the Group for segment reporting are the same as those used for Consolidated financial statements. Further, income, expenses, assets and liabilities which are not directly attributable to the business activities of any operating segment are not allocated.

4.20. Earnings per share

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

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

4.21. Provisions

General

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

Decommissioning and restoration liability

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

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. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the income statement in the year in which they arise.

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.

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 11);

- *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 13).
- *Impairment tests*: The determination of recoverable amounts of the CGUs assessed in the annual impairment test requires the Group to estimate their fair value net of disposal costs as well as their value-in-use. The assessment of value-in-use requires assumptions to be made with respect to the operating cash flows of the CGUs as well as the discount rates (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 19);
- *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 28);

  Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.(see note 4.7 and 28);
- *Gratuity benefits*: The cost of defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. (see note 4.22 and 21) and;
- *Capitalisation of interest expenditure incurred on general borrowing funds used for construction of qualifying assets:* In respect of the general borrowed funds used for constructing a qualifying asset, management determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the average of the borrowing costs applicable to the general borrowings of the Group that

are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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.

6. Acquisition of non-controlling interest

- During the year ended 31 March 2013, the Group has issued additional 107,514,330 shares in KSK Mahanadi Power Company Limited ("KMPCL") to KSK Energy Limited ("KEL") at a face value of Rs 10 (US $ 0.18) at par. Also during the year the Group has transfered 250,000,000 equity shares in KMCPL from KSK Energy Ventures Limited ("KEVL") to KSK Energy Company Private Limited ("KECPL"). The above transactions resulted in acquisition of 3.68 % 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 $ 867 between the fair value of the net consideration paid (US $ Nil) and the amount by which the non-controlling interest (US $ (867)) is adjusted are credited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the Company.
- During the year ended 31 March 2013, KSK Energy Ventures Limited ('KEVL') acquired 130,000 equity shares of KSK Wind Energy Private Limited ('KWEPL') of face value of Rs. 10 (US $ 0.18) each at par from Chemplast Sanmar Limited.

  Pursuant to the acquisition of the additional equity shares, the ownership interest of the Group in KWEPL increased from 74 percent to 100 percent resulting in a 26 percent additional interest in subsidiary.

  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 $ 614 between the fair value of the net consideration paid (US $ 24) and the amount by which the non-controlling interest (US $ 590) 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 month of November 2012, the VS Lignite Power Private Limited ("VSLPPL") has made right issue of equity shares to all the existing shareholders. KSK Electricity Financing India Private Limited and captive customers have subscribed to 37,000,000 shares and 13,000,009 shares of face value of Rs 10 (US $ 0.18) each at par and have contributed US $ 6,770 and US $ 2,383 respectively. The amount contributed by captive customers has been disclosed as Non-controlling interest in the statement of changes in equity.
- During the month of September 2012, the Group has issued additional 2,500,000 shares in KSK Surya Photovoltaic Venture Limited ("KSPVL") to Medha Servo Drives Private Limited at face value of Rs 10 (US $ 0.18) each.

  Pursuant to the issuance of the additional equity share's the ownership interest of the Group in KSPVL decreased from 100 percent to 93.25 percent resulting in a 6.75 percent deemed partial disposal of the Group's controlling interest in a subsidiary without loss of control.

  The partial disposal of the interest in a subsidiary without loss of control is accounted as an equity transaction, and no gain or loss is recognised in the Consolidated income statement. The difference of US $ 27 between the fair value of the net consideration received (US $ 457) and the amount by which the non-controlling interest are adjusted (US $ 430), is credited to 'other reserve' within 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 at 31 March 2013 and 2012 and for the years then ended, which are included in the Consolidated financial statements, are as follows:

	2013	2012
Non-current assets	87,577	91,681
Current assets	19,139	13,092
Total assets	**106,716**	**104,773**
Non-current liabilities	28,613	27,558
Current liabilities	23,061	18,964
Total liabilities	**51,674**	**46,522**
Revenue	29,194	22,724
Expenses (including tax)	(27,987)	(23,972)
Profit / (loss) after tax	**1,207**	**(1,248)**

9. Property, plant and equipment, net

The property, plant and equipment of the Group comprise:

	Land and buildings	Power stations	Mining property	Other plant and equipment	Assets under construction	Total
Cost						
As at 1 April 2011	159,535	576,888	10,237	8,724	1,226,634	1,982,018
Additions	75,148	277,465	-	2,217	958,154	1,312,984
Business combination	32,769	218,638	-	372	198	251,977
Disposals /transfer	(21,440)	(183,827)	-	(925)	(332,385)	(538,577)
Exchange difference	(22,118)	(84,547)	(1,314)	(1,145)	(157,398)	(266,522)
As at 31 March 2012	**223,894**	**804,617**	**8,923**	**9,243**	**1,695,203**	**2,741,880**
As at 1 April 2012	223,894	804,617	8,923	9,243	1,695,203	2,741,880
Additions	2,920	22,268	-	863	732,657	758,708
Disposals / transfer	(5,294)	(104)	-	(108)	(3,218)	(8,724)
Exchange difference	(10,550)	(37,947)	(419)	(440)	(79,751)	(129,107)
As at 31 March 2013	**210,970**	**788,834**	**8,504**	**9,558**	**2,344,891**	**3,362,757**
Depreciation and impairment						
As at 1 April 2011	3,709	19,388	521	3,254	-	26,872
Additions	5,699	34,534	615	1,810	-	42,658
Impairment	-	-	-	-	2,861	2,861
Disposals / adjustments	(531)	(8,557)	-	(606)	-	(9,694)
Exchange difference	(884)	(5,039)	(109)	(556)	-	(6,588)
As at 31 March 2012	**7,993**	**40,326**	**1,027**	**3,902**	**2,861**	**56,109**
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**
Net book value						
As at 31 March 2013	**198,072**	**718,810**	**6,996**	**4,264**	**2,344,891**	**3,273,033**
As at 31 March 2012	**215,901**	**764,291**	**7,896**	**5,341**	**1,692,342**	**2,685,771**

Property, plant and equipment with a carrying amount of US $ 3,170,473 (2012: US $ 2,561,726) is subject to security restrictions (note 17)

The property, plant and equipment of the Company comprise:

	Other plant and equipment	Total
Cost		
As at 1 April 2011	-	-
Additions	1	1
Disposals /transfer	-	-
Exchange difference	-	-
As at 31 March 2012	**1**	**1**
As at 1 April 2012	1	1
Additions	-	-
Disposals /transfer	-	-
Exchange difference	-	-
As at 31 March 2013	**1**	**1**
Depreciation and impairment		
As at 1 April 2011	-	-
Additions	-	-
Disposals / adjustments	-	-
Exchange difference	-	-
As at 31 March 2012	-	-
As at 1 April 2012	-	-
Additions	-	-
Disposals / adjustments	-	-
Exchange difference	-	-
As at 31 March 2013	-	-
Net book value		
As at 31 March 2013	**1**	**1**
As at 31 March 2012	**1**	**1**

10. Intangible assets and goodwill

	Mining license	Goodwill	Total
Cost			
As at 1 April 2011	-	52,460	52,460
Business combination	3,474	-	3,474
Disposals	-	(28,690)	(28,690)
Exchange difference	(446)	(3,050)	(3,496)
As at 31 March 2012	**3,028**	**20,720**	**23,748**
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**
Amortisation and impairment			
As at 1 April 2011	-	-	-
Additions	171	-	171
Exchange difference	(12)	-	(12)
As at 31 March 2012	**159**	-	**159**
As at 1 April 2012	159	-	159
Additions	152	-	152
Exchange difference	(8)	-	(8)
As at 31 March 2013	**303**	-	**303**
Net book value			-
As at 31 March 2013	**2,582**	**19,744**	**22,326**
As at 31 March 2012	**2,869**	**20,720**	**23,589**

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

	2013	2012
J R Power Gen Private Limited	25	26
Wardha Power Company Limited	4,297	4,509
Sitapuram Power Limited	6,050	6,349
Sai Regency Power Corporation Private Limited	1,328	1,394
Arasmeta Captive Power Company Private Limited	8,044	8,442
Total	**19,744**	**20,720**

The recoverable amount of the cash generating unit at 31 March 2013 was determined using estimated fair value in use.

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

Key assumptions used in value-in-use calculations:

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

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

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

- Electricity prices were based on contracted prices for electricity. Projected output was based on expected levels of output over the expected operating lives of the power stations using the Group's own engineering projections which considered historical performance, plant degradation, plant maintenance activity and investment, and allowances for scheduled timings of outages.
- Fuel costs were based on contracted and projected commodity prices, for coal and gas fuel, and using the Group's own engineering projections for consumption having considered historical consumption data and projected plant performance.
- Other operating costs and investment was estimated using the Group's own engineering projections, where relevant, and having considered historical performance, plant degradation, plant maintenance activity and investment. The estimates of 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:

	2013	2012
Growth rate	3.00%	3.00%
Discount rate (pre-tax)	12.52%	12.92%

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

11. Investments and other financial assets

	Consolidated		Company	
	2013	2012	2013	2012
Current				
Financial assets at fair value through profit or loss				
- held-for-trading	3,293	4,384	-	-
Loans and receivables	66,429	58,950	9,557	332
Loans to and receivables from JV partners	11,742	22,127	-	-
	81,464	**85,461**	**9,557**	**332**
Non-current				
Available-for-sale investments	26,354	30,774	-	-
Deposit with banks	31,208	47,929	-	-
Loans and receivables	24 264	25,476	-	9,225
Loans to and receivables from JV partners	16,219	5,177	-	-
Loans to and receivable from subsidiaries	-	-	151,877	157,213
Investment in subsidiaries	-	-	143,314	143,415
	98,045	**109,356**	**295,191**	**309,853**
Total	**179,509**	**194,817**	**304,748**	**310,185**

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 $ 13,538 (2012: US $ 17,375), deferred loan origination costs US $ 9,783 (2012: US $ 5,981), security deposit to suppliers US $ 20,721 (2012: US $ 15,236), advance for investments US $ 3,469 (2012: US $ 11,716) and other financial assets US $ 43,182 (2012: US $ 34,118).

The claim on calorific value shortfall of US $ 11,575 only has been recognized as receivable in other financial assets and the amount corresponding to reversal or compensation for higher price of coal charged by Western Coalfields Limited in WPCL than those prescribed under cost plus arrangement has not been recognized

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 (2012: 139,244,601) in KEL, 12,000 equity shares (2012: 12,000) in KASL, 100,000,000 equity shares (2012: 100,000,000) in KGPP and 1 equity share (2012: 1) in KSVP totalling to US $ 143,314 (2012: US $ 143,415).

Investment and other financial assets amounting of US $ 153,621 (2012: US $ 173,289) for the Group is subject to security restrictions (see note 17).

Impairment of financial assets

During the year ended 31 March 2013, available-for-sale financial asset of US $ 4,363 (2012: US $ 572) and loans and receivable of US $ 2,466 (2012: US $ 1,669) were collectively impaired.

12. Other assets

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
Current				
Advance to suppliers	8,379	19,492	-	-
Prepayments	6,380	12,539	875	66
Income tax receivable	12,700	3,316	-	-
Other receivables	15,031	4,301	8	9
	42,490	**39,648**	**883**	**75**
Non-current				
Development of mineral assets	38,138	29,520	-	-
Prepayments	29,268	29,202	-	-
	67,406	**58,722**	**-**	**-**
Total	**109,896**	**98,370**	**883**	**75**

Advances to suppliers are made in the normal course of business to allow for equipment and other asset purchases by supplies that are required for projects that have been subcontracted. They are unsecured and interest free.

13. Trade and other receivables

	Consolidated	
	2013	**2012**
Current		
Trade receivables	93,922	69,912
Unbilled revenue	427	3,635
Interest accrued	21,903	24,258
	116,252	**97,805**
Non-current		
Trade receivables	2,882	2,801
Interest accrued	3,390	3,194
	6,272	**5,995**
Total	**122,524**	**103,800**

Trade receivables are non-interest bearing and are generally due within 7-14 days terms. Trade receivable and unbilled revenue of US $ 97,231 (2012: US $ 76,348) have been pledged as security for borrowings (see note 17). As at 31 March 2013, trade and other receivables of an initial value of US $ 6,675 (2012: US $ Nil) 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:

	2013	**2012**
Opening balance	-	-
Impairment loss recognised	6,675	**-**
Amount Written off	(104)	**-**
Closing balance	**6,571**	**-**

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**
2013	**96,804**	36,312	27,794	5,215	27,483
2012	**72,713**	33,946	8,295	5,459	25,013

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

14. Inventories

	2013	2012
Fuel (at cost)	7,745	10,837
Stores and spares (at cost)	18,247	11,123
Others	254	-
Total	**26,246**	**21,960**

Inventory of US $ 26,246 (2012: US $ 21,960) for the Group is subject to security restrictions (see note 17).

15. Cash and short-term deposits

Cash and short-term deposits comprise of the following:

	Consolidated		Company	
	2013	2012	2013	2012
Cash at banks and on hand	39,875	113,900	287	1,598
Short-term deposits	265,389	303,685	-	-
Total	**305,264**	**417,585**	**287**	**1,598**

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 $ 252,053 (2011: US $ 294,416) in order to fulfil collateral requirements (see note 17).

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

	Consolidated		Company	
	2013	2012	2013	2012
Cash at banks and on hand	39,875	113,900	287	1,598
Short-term deposits	265,389	303,685	-	-
Total	**305,264**	**417,585**	**287**	**1,598**
Less: Restricted cash[1]	(261,430)	(297,399)	-	-
Cash and cash equivalent	**43,834**	**120,186**	**287**	**1,598**

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

16. Issued share capital

Share capital

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

The Company has an authorised share capital of 500,000,000 equity shares (2012: 500,000,000) at par value of US $ 0.002 (£ 0.001) per share amounting to US $ 998.

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.

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.

17. Interest-bearing loans and borrowings

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

	Interest rate (range %)	Final Maturity	Consolidated		Company	
			2013	**2012**	**2013**	**2012**
Long-term "project finance" loans	3.75 to 16.50	April-26	1,908,435	1,471,250	-	-
Short-term loans	9.50 to 14.00	March-14	245,113	312,172	4,514	3,239
Buyers' credit facility	1.09 to 2.58	March-14	562,951	595,487	49,605	49,236
Cash credit and other working capital facilities	10.00 to 14.50	March-14	113,295	132,563	-	-
Redeemable preference shares	0.01 to 15.00	February-28	25,854	26,489	-	-
Total			**2,855,648**	**2,537,961**	**54,119**	**52,475**

Total debt of US $ 2,855,648 (2012: US $ 2,537,961) comprised:

- Long-term "project finance" loans of the Group amounting US $ 1,908,435 (2012: US $ 1,471,250) 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 100 to 250 basis points.
- A number of the facilities that are due to expire at 31 March 2014 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 1-15 year.

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 2013, the Group has complied with the relevant covenants.

As at 31 March 2013, the Group has available US $ 1,323,911 of undrawn long term committed borrowing facilities.

The fair value of borrowings at 31 March 2013 was US $ 2,853,565 (2012: US $ 2,537,553). 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	
	2013	**2012**	**2013**	**2012**
Current liabilities				
Amounts falling due within one year	1,021,122	1,128,911	54,119	52,475
Non-current liabilities				
Amounts falling due after more than one year but not more than five years	1,184,566	952,419	-	-
Amounts falling due in more than five years	649,960	456,631	-	-
Total	**2,855,648**	**2,537,961**	**54,119**	**52,475**

18. Trade and other payables

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
Current				
Trade payables	414,415	266,213	1,276	1,469
Share application money	3,385	2,156	-	-
Interest payable	23,718	19,332	-	-
	441,518	**287,701**	**1,276**	**1,469**
Non-current				
Trade payables	59,782	48,981	-	-
	59,782	**48,981**	**-**	**-**
Total	**501,300**	**336,682**	**1,276**	**1,469**

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 1-6 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.

19. 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%

	2013	**2012**
Non-current		
Opening balance	2,480	2,115
Exchange difference	(117)	(353)
Arises on account of a business combination	-	2,046
Deemed disposal arising on re-measurement of existing equity interest	-	(1,514)
Unwinding of discount	178	186
Closing balance	**2,541**	**2,480**

20. Deferred revenue

	2013	**2012**
Opening balance	10,134	11,953
Additions	1,456	39
Transferred to the revenue	(953)	(1,126)
Transferred to the other operating income	(219)	(234)
Arises on account of a business combination	-	4,214
Deemed disposal	(612)	(3,133)
Translation difference	(475)	(1,579)
Closing balance	**9,331**	**10,134**
Current	928	984
Non-current	8,403	9,150
	9,331	**10,134**

Deferred revenue represents:

- Contributions from captive consumers of WPCL, 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.

21. 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 expense

	2013	**2012**
Current service cost	665	877
Interest cost on benefit obligation	124	93
Expected return on plan assets	(63)	(50)
Net actuarial gain recognised in the year	(523)	(376)
Past service cost - non vested benefits	76	104
Net benefit expense	**279**	**648**

B. Net benefit liability

	2013	**2012**	**2011**	**2010**	**2009**
Defined benefit obligation	1,873	1,691	1,245	433	124
Fair value of plan assets	(880)	(710)	(495)	(230)	(88)
Unrecognised past service cost - non vested benefit	-	(79)	(179)	-	-
Benefit liability[1]	993	902	571	203	36

C. Changes in the present value of the defined benefit obligation are as follows:

	2013	**2012**
Defined benefit obligation at the beginning of the year	1,691	1,245
Interest cost	124	93
Current service cost	665	877
Actuarial gains on obligation	(519)	(372)
Benefits Paid	(11)	-
Change in controlling interest	-	68
Exchange difference	(77)	(220)
Defined benefit obligation at the end of the year	**1,873**	**1,691**

D. Changes in the fair value of plan assets are as follows:

	2013	**2012**
Fair value of plan assets at the beginning of the year	710	495
Expected return	63	50
Contributions by employer	138	230
Benefits paid	(11)	(3)
Change in controlling interest	-	11
Actuarial gain / (loss)	4	4
Exchange difference	(24)	(77)
Fair value of plan assets at the end of the year	**880**	**710**

E. Fair value of plan assets

	2013	**2012**
Fair value of plan assets at the beginning of the year	710	495
Actual return on plan assets	67	53
Contributions	138	230
Benefits paid	(11)	(3)
Change in controlling stake	-	11
Exchange difference	(24)	(76)
Fair value of plan assets at the end of the year	**880**	**710**

Funded status	**(993)**	**(981)**

F. Past service cost recognised

	2013	2012
Past service cost - non vested benefit	76	-
Recognised past service cost - non vested benefit	76	104
Unrecognised past service cost - non vested benefit	-	85
Exchange difference	-	(6)
Past service cost	**-**	**(79)**

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

	2013	2012
Discount rate	8.06%	8.00%
Rate of increase in compensation levels	15.00%	15.00%
Rate of return on plan assets	9.00%	9.00%

[1] Represents net of benefit asset of US $ 57 (2012 US $ 45).

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 8.06% 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 15%. The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Rate of return on plan assets: The rate of return on plan assets, i.e., 9 % is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

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 $ 242 to the provident fund during the year ended 31 March 2013 and US $ 246 during the year ended 31 March 2012.

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

22. Other current liabilities

	2013	2012
Statutory liabilities	5,343	3,878
Accruals	3,916	2,539
Total	**9,259**	**6,417**

23. Segment information

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

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

- Power generating activities and
- Project development activities

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

Year ended 31 March 2013	Project development activities	Power generating activities	Reconciling / Elimination activities	Consolidated
Revenue				
External customer	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	5,747	114,833	468	121,048
Unallocated operating expenses, net				(1,898)
Finance costs				(120,984)
Finance income				38,296
Profit before tax				**36,462**
Tax income				1,788
Profit after tax				**38,250**
Segment assets	12,965	3,875,592	(350)	3,888,207
Unallocated assets				166,240
Total assets				**4,054,447**
Segment liabilities	3,151	491,983	(350)	494,784
Unallocated liabilities				2,920,837
Total liabilities				**3,415,621**
Other segment information				
Depreciation and amortisation	364	39,025	103	**39,492**
Capital expenditure	159	758,401	148	**758,708**

Year ended 31 March 2012	Project development activities	Power generating activities	Reconciling / Elimination activities	Consolidated
Revenue				
External customer	3,936	379,290	-	383,226
Inter-segment	8,841	-	(8,841)	-
Total revenue	**12,777**	**379,290**	**(8,841)**	**383,226**
Segment operating results (see note (f) below)	8,366	118,036	(2,107)	124,295
Unallocated operating expenses, net				(1,893)
Finance costs				(160,508)
Finance income				39,256
Profit before tax				**1,150**
Tax expense				(11,068)
Loss after tax				**(9,918)**
Segment assets	23,013	3,356,043	(2,805)	3,376,251
Unallocated assets				183,914
Total assets				**3,560,165**
Segment liabilities	3,336	332,077	(2,805)	332,608
Unallocated liabilities				2,602,540
Total liabilities				**2,935,148**
Other segment information				
Depreciation and amortisation	452	42,275	102	**42,829**
Capital expenditure	5,840	969,739	2,305	**977,884**

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 $ 38,296 and US $ 120,984 respectively (2012: US $ 39,256 and US $ 160,508 respectively).

(c) Segment assets do not include deferred tax US $ 15,649 (2012: US $ 14,273), financial assets and other investments US $ 99,088 (2012: US $ 109,694), short-term deposits with bank and cash US $ 10,253 (2012: US $ 24,288), and corporate assets US $ 41,250 (2012: US $ 35,659).

(d) Segment liabilities do not include deferred tax US $ 35,063 (2012:US $ 37,699), current tax payable US $ 1,429 (2012: US $ 2,828), interest-bearing current and non-current borrowings US $ 2,855,648 (2012: US $ 2,537,961) and corporate liabilities US $ 28,697 (2012: US $ 24,052)

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

(f) Includes gain on re-measurement of existing equity amounting to US $ Nil (2012: US $ 536),

(g) One customer in the power generating segment contributing revenues of US $ 173,797 (2012: US $ 216,175) accounted for 44.38% (2012: 56.99%) of the total segment revenue.

24. 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

	2013	2012
Included in cost of revenue:		
Fuel costs	178,852	187,657
Depreciation	32,012	35,064
Amortisation of intangible asset	152	171
Included in general and administrative expenses:		
Depreciation	7,328	7,594

(b) Employee benefit expenses

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
Salaries and wages	20,851	24,525	250	185
Employee benefit costs	510	1,154	-	-
Others	1,133	1,116	-	-
Total	**22,494**	**26,795**	**250**	**185**
Less: Amount capitalised	(15,160)	(18,939)	-	-
Net employee benefit expense	**7,334**	**7,856**	**250**	**185**

The employee benefit expenses of the Group form part of the cost of revenues amounting US $ 3,417 (2012: US $ 4,794) and general and administrative expenses amounting US $ 3,917 (2012: US $ 3,062).

The employee benefit expenses in the Company financial statements amounting to US $ 250 (2012: US $ 185) forms part of the general and administrative expenses.

(c) Auditor's remuneration for audit services amount to US $ 165 (2012: US $ 105).

25. Other operating income

Other operating income comprises:

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
Income from management fees	287	361	-	-
Gain on re-measurement of existing equity interest	-	536	-	-
Gain on disposal of property, plant and equipment, net [1]	-	5,292	-	-
Claim received [2]	-	16,214	-	-
Deferred revenue amortisation	219	234	-	-
Other operating income	1,142	967	42	-
Total	**1,648**	**23,604**	**42**	**-**

[1]Gain on disposal of property, plant and equipment includes a gain of US $ Nil (2012: US $ 5,323) on disposal of certain windmill assets with aggregate capacity of 52.25 MW for a total consideration of US $ Nil (2012: US $ 47,150)

[2] Claims received includes an amount of US $ Nil (2012: US $ 14,004) towards loss of profit and others received from an EPC contractor for delay in commissioning of plant.

26. Finance costs

Finance costs comprise:

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
Interest expenses on loans and borrowings [1]	109,830	104,227	1,423	826
Other finance costs	5,209	4,089	919	2,014
Provision for impairment of financial assets[2]	4,363	2,241	-	-
Net loss on financial liability at fair value through profit or loss[3]	-	438	-	-
Foreign exchange loss, net	-	48,475	-	330
Net loss on held-for-trading financial assets				
on re-measurement	-	13	-	-
Unwinding of discounts	1,582	1,025	-	-
Total	**120,984**	**160,508**	**2,342**	**3,170**

[1]Borrowing cost capitalised during the year amounting to US $ 217,834 (2012: US $ 175,849) to property, plant and equipment at an effective interest rate of 14.25% (2012: 14.14%).

[2]Provision for impairment of financial assets relates to available-for-sale financial asset of US $ 4,363 (2012: US $ 572) and loans and receivable of US $ Nil (2012: US $ 1,669).

[3]Net loss on financial liability at fair value through profit or loss above relates to foreign exchange forward contracts that did not qualify for hedge accounting.

27. Finance income

The finance income comprises:

	Consolidated		Company	
	2013	**2012**	**2013**	**2012**
Interest income				
bank deposits	27,443	29,837	-	34
loans and receivables	6,635	7,813	-	97
Dividend income	520	649	-	-
Net gain on held-for-trading financial assets				
on disposal	67	60	-	-
on re-measurement	12	-	-	-
Unwinding of discount on security deposits	1,404	839	-	-
Net gain on financial liability at fair value through profit or loss[1]	1,529	-	-	-
Foreign exchange gain, net	672	-	1,490	-
Reclassification adjustment in respect of available-for- sale financial assets disposed	14	58	-	-
Total	**38,296**	**39,256**	**1,490**	**131**

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

28. Tax income / (expense)

The major components of income tax for the year ended 31 March 2013 and 2012 are:

	2013	**2012**
Current tax	(364)	(11,101)
Deferred tax	2,152	33
Tax income / (expense) reported in the income statement	**1,788**	**(11,068)**

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 2013 and 2012 is as follows:

	2013	**2012**
Accounting profit before taxes	**36,462**	**1,150**
Enacted tax rates	32.45%	32.45%
Tax income/ (expense) on profit at enacted tax rate	(11,830)	(373)
Expenditure not deductible for tax purpose	(3,927)	(6,298)
Income exempt or taxed at lower rate	5,480	5,948
Unrecognised deferred tax assets	(5,183)	(11,050)
Change in unrecognised temporary differences	(1,894)	-
Recognition of previously unrecognised tax losses	19,643	-
Others	(501)	705
Actual tax income / (expense)	**1,788**	**(11,068)**

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.

Deferred income tax at 31 March 2013 and 2012 relates to the following:

	2013	**2012**
Deferred income tax assets		
Share issue expenses	132	907
Property, plant and equipment	9,012	12,291
Unused tax losses carried forward	60,006	35,088
MAT credit	8,416	5,787
Others	1,691	373
	79,257	**54,446**
Deferred income tax liabilities		
Property, plant and equipment	98,326	75,837
Others	345	2,035
	98,671	**77,872**
Deferred income tax liabilities, net	**19,414**	**23,426**

Reconciliation of deferred tax liability, net

	2013	2012
Opening balance as of 1 April 2012	23,426	15,834
Tax(income) /expense during the period recognized in the income statement	(2,152)	(33)
Tax (income) /expense during the period recognized in statement of changes in equity	671	621
MAT credit adjustment	-	2,429
Acquired in business combination	-	16,838
Deemed disposal arising on re-measurement of existing equity interest	-	(8,817)
Exchange difference	(2,531)	(3,446)
Closing balance as at 31 March 2013	**19,414**	**23,426**

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 $ 26,262 (2012: US $ 13,324) 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, profit would increase by US $ 8,473 (2012: US $ 4,273).The above tax losses expire at various dates ranging from 2015 to 2021.

There are certain claims / expenses amounting to US $ 11,289 which are disputed with the Income Tax department having a tax impact of US $ 3,663. 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 2013 and 2012, 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 $ 205,232 (2012: US $ 149,628).

29. 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 personnel and their relatives (KMP):

Name of the party	Nature of relationship
T L Sankar	Chairman
S Kishore	Executive Director
K A Sastry	Executive Director
S R Iyer	Director
Vladimir Dlouhy	Director
Abhay M Nalawade	Director
K. V. Krishnamurthy	Director of parent

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			
	2013			2012			2013		2012	
	Joint Venture	GUP	KMP	Joint Venture	GUP	KMP	Subsidiaries	KMP	Subsidiaries	KMP
Transactions[1]										
Project development fees and corporate support services fees	1,229	-	-	3,936	-	-	-	-	-	-
Interest income	4,674	-	-	3,470	-	-	-	-	-	-
Sale of material	507	-	-	-	-	-	-	-	-	-
Inter-corporate deposits and loans given	10,564	38	-	13,087	52	-	35	-	126,606	-
Inter-corporate deposits and loans refunded	(7,991)	-	-	(1,415)	-	-	(1,174)	-	-	-
Repayment of loan taken from	-	-	-	-	-	-	-	-	47	-
Refund of capital advance	-	-	-	-	(4,082)	-	-	-	-	-
Purchase of property, plant and equipment	-	-	-	-	2,779	2,912	-	-	-	-
Managerial remuneration [2]	-	-	692	-	-	660	-	250	-	185
	2013			2012			2013		2012	
Balances [1]										
Interest receivable	4,084	-	-	3,121	-	-	-	-	-	-
Loans and inter corporate deposits receivable	27,455	1,133	-	26,117	1,148	-	151,886		157,222	-
Other receivable	506	-	-	1,186	-	-	-	-	-	-
Guarantees given	2966	-	-	4,641	-	-	-	-	-	-
Managerial remuneration payable[2]	-	-	83	-	-	82	-	52	-	53

[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 2013, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2012: 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] Remuneration is net of accrual towards Gratuity, a defined benefit plan, which is managed for the Group as a whole. However, the annual accrual of this liability towards key management personnel is not expected to be significant. There are no other long term benefits and termination benefits which are payable to the key management personnel.

30. Commitments and contingencies

Operating lease commitments

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

Non-cancellable operating lease rentals are payable as follows:

	2013	2012
Not later than one year	7	258
Later than one year and not later than five years	-	93
Later than five years	-	-
Total	**7**	**351**

During the year ended 31 March 2013, US $ 1,510 (2012: US $ 2,069) is recognised as an expense in respect of operating leases.

Capital commitments

As at 31 March 2013, the Group is committed to purchase property, plant and equipment for US $ 1,429,536 (2012: US $ 1,920,436). In respect of its interest in joint ventures the Group is committed to incur capital expenditure of US $ 1,114 (2012: US $ 1,219).

Other commitments

As of 31 March 2013, the Group has contractual obligations to spend approximately US $ 24,749 (2012: US $ 5,160); 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 the underlying financial statements.

- SPL received claims for penal charges totalling to US $ 106 from state utility board for excess sourcing of power on account of failure of reverse switch mechanism maintained by the state electricity board. The Group contends that excess sourcing was not deliberate but on account of failure of reverse switch mechanism, maintenance of which is duty of state utility board. Considering the facts and nature of claim and a stay has been granted by appellate authorities in India, 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.

- The Group has received claims for US $ 11,636 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 communication 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.

- Wardha Power Company Limited (WPCL) 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 amounting to US $ 12,524. During the period since, the facility required for generation of the agreed quantum of power was not ready as per agreed schedule on account of unexpected factors beyond the control of the Group, the Group proposed MSEDCL for arranging the energy from alternate sources 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 is further in the process of filing appeal before Honorable Supreme Court of India. Pending outcome 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.

- WPCL has filed a claim on coal supplier for not supplying the Gross Calorific Value (‘GCV’) of coal as per Fuel supply agreement. As per agreement, coal supplier is required to supply, from a collection of three mines, coal with GCV of 4,825 Kcal per Kg, whereas the actual GCV received by the company are below 3800 per tonne based on Independent third party verification resulting in, huge variation in the GCV of coal received. Consequently, the Group has lodged the claim of US $ 11,575 on coal supplier and believes that the claim is tenable and amount is fully recoverable / adjustable. Hence the same has been recognised as receivables in the financial statements.

- WPCL filed a claim against Maytas Infra Limited (Maytas) for the refund of the commitment deposit paid amounting to US $ 9,148 along with the accrued interest 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 WPCL for winding up of Maytas and directed Maytas to deposit a bank draft of US $ 9,148 in the name of WPCL with court within a period of three months, otherwise WPCL petition of winding up will be advertise in daily newspapers. Considering the facts and nature of the claim, the Group believes that the entire amount due is fully recoverable and there should be no material impact on the 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. Further, LIPL in addition to certain counter claims has served notice for termination of PPA for Phase-II which is challenged by the Group. Pending disposal of the matters, the group believes that the final determination of the above dispute would be in favour of the Group and there should be no material impact on the financial statements.

- 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 pass through. However, the arbitration panel has dismissed the petition against which the Group has preferred an appeal in civil court. The civil court has also pass an order against the Group. The Group has preferred an appeal in High Court and pending outcome of the same the Group believes that the final determination of the above dispute would be in favour of the Group and there should be no material impact on the financial statements.

Guarantees

- The Company has guaranteed the loans and non-fund based facilities availed by subsidiaries to unrelated parties for US $ 207,945 (2012: US $ 222,856) and

- The Group guaranteed the performance of the joint ventures under the power delivery agreements to unrelated parties. No liability is expected to arise.

31. Financial risk management objectives and policies

The Group's principal financial liabilities, 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.

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.

The directors reviews and agrees policies for managing each of these risks which are summarised below:

Market risk

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

The sensitivity analyses in the following sections relate to the position as at 31 March 2013 and 2012.

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 2013 and 2012..

- The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets.

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.

At 31 March 2013 and 2012, the Group had no interest rate derivatives.

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	
		2013	2012
INR	+100	(4,989)	(6,593)
USD	+100	(395)	(418)
INR	(100)	4,989	6,593
USD	(100)	395	418

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 2013 would increase or decrease by US $ Nil (2012: 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, whilst medium to long term exposures are unhedged.

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

Currency	2013		2012	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Indian Rupee	585,996	2,385,706	692,231	1,961,865
Great Britain Pound	2,508	1,111	8,577	1,329
United States Dollar	18,763	967,253	15,367	910,046
Others	30	2,878	26	1,583

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

Currency	2013		2012	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Great Britain Pound	270	1,109	1,111	1,323
United States Dollar	164,085	54,287	169,992	52,621

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:

2013	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Indian Rupee	54.6550	(91,096)	(91,096)
Great Britain Pound	0.6584	(4,146)	(4,146)

2012	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Indian Rupee	52.0803	(85,728)	(85,728)
Great Britain Pound	0.6255	(3,740)	(3,740)

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:

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

2012	Closing exchange rate	Effect of 10% strengthening of US $ on net earnings	Effect of 10% strengthening of US $ on total equity
Great Britain Pound	0.6255	11,740	11,740

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 $ 24,212 (2012 US $ 27,896) and the exposure to listed equity securities at fair value was US $ 2,285 (2012 US $ 3,005).

At the reporting date, the Company's exposure to unlisted equity securities (excluding investment in subsidiaries) was US $ Nil (2012: US $ Nil).

A decrease of 10% on the Indian market index would have an impact of approximately US $ 42 (2012: US $ 34) 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 $ 6 (2012: US $ 108) 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:

		Carrying value	
		2013	**2012**
Debt securities	11	3,149	4,257
Short term deposits with banks	15	265,389	303,685
Non-current bank deposits	11	31,208	47,929
Loans and receivables			
- Trade and other receivables	13	122,524	103,800
- Other financials assets	11	118,654	111,730
		540,924	**571,401**

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

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

The Group's/ Company's maximum exposure for financial guarantees are noted in note 30.

The Group's management believes that all the above financial assets, except as mentioned in note 11 and 13, are not impaired for each of the reporting dates under review and are of good credit quality.

Liquidity risk analysis

The Group's main source of liquidity is its operating businesses. The treasury department uses regular forecasts of operational cash flow, investment and trading collateral requirements to ensure that sufficient liquid cash balances are available to service on-going business requirements. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 90 day projection. Long-term liquidity needs for a 90 day and a 30 day lookout period are identified monthly.

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in 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 $ 1,323,911, together with cash and short term deposits of US $ 305,264 as at 31st March 2013, 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 2013:

	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	441,518	61,107	-	502,625
Total	**1,711,962**	**1,960,208**	**898,582**	**4,570,752**

The following is an analysis of the Group contractual undiscounted cash flows payable under financial liabilities at 31 March 2012:

	Current	**Non-current**		**Total**
	within 12 months	**1-5 years**	**Later than 5 years**	
Interest-bearing loan and borrowings	1,358,637	1,531,781	628,256	3,518,674
Trade and other payables	287,701	46,180	4,416	338,297
Total	**1,646,338**	**1,577,961**	**632,672**	**3,856,971**

The Company's contractual undiscounted cash flows payable under financial liabilities as at 31 March 2013 is US $ 55,395 (2012: US $ 53,944).

Capital management

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

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

- Ensure Group's ability to meet both its long-term and short-term capital needs as a going concern;
- Constantly evolve multiple funding alternatives – equity and /or preference capital, senior and /or subordinated debt, corporate loan facilities to arrive at an optimal capital mix;
- Deployment of capital in Special Purpose Vehicles ('SPVs') in a timely manner and as appropriate to the project development under pursuit;
- Evolution and finalisation of capital holding levels in underlying SPV's, with balance capital contributions by Customers, Co-investors (financial or otherwise), if any;

- Periodic review of the existing capitalisation levels in various parts of the business for potential post construction refinancing and any capital release(s) under such refinancing; and
- Fine tune capital deployment decisions to enable adequate return to shareholders.

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

No changes were made in the objectives, policies or processes during the year ended 31 March 2013 and 2012.

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:

	2013	**2012**
Total borrowing	2,855,648	2,537,961
Less: Cash and short-term deposit	305,264	417,585
Net debt	**2,550,384**	**2,120,376**
Equity	638,826	625,017
Total equity	**638,826**	**625,017**
Net debt to equity ratio	**3.99**	**3.39**

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

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements:

	Carrying amount		**Fair value**	
	2013	**2012**	**2013**	**2012**
Financial assets				
Cash and short-term deposits [1]	305,264	417,585	305,264	417,585
Non-current bank deposits	31,208	47,929	31,208	47,929
Financial assets designated as fair value through profit or loss				
- held for trading [4]	3,293	4,384	3,293	4,384
Loans and receivables				
- trade and other receivables [1 & 2]	122,524	103,800	122,524	103,800
- other financial assets [1 & 2]	118,654	111,730	118,654	111,730
Available-for-sale financial instrument [4]	26,354	30,774	26,354	30,774
	607,297	**716,202**	**607,297**	**716,202**
Financial liabilities				
At amortised cost				
- interest bearing loans and borrowings [1 & 3]	2,855,648	2,537,961	2,853,565	2,537,553
- trade and other payables [1 & 3]	501,300	336,682	501,300	336,682
	3,356,948	**2,874,643**	**3,354,865**	**2,874,235**

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements:

	Carrying amount		Fair value	
	2013	2012	2013	2012
Financial assets				
Cash and short-term deposits [1]	287	1,598	287	1,598
Loans and receivables				
- other financial assets [1 & 2]	161,434	166,770	161,434	166,770
Investment in subsidiaries[2]	143,314	143,415	143,314	143,415
	305,035	**311,783**	**305,035**	**311,783**
Financial liabilities				
At amortised cost				
- interest bearing loans and borrowings [1]	54,119	52,475	54,119	52,475
- trade and other payables [1]	1,276	1,469	1,276	1,469
	55,395	**53,944**	**55,395**	**53,944**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

1. Cash and short-term deposits, non-current bank deposits, loans and receivables, trade receivables, trade payables, and other borrowings like short-term loans, current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Long-term loans and receivables and trade receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. As of 31 March 2013, the carrying amounts of such receivables, net of allowances, approximate their fair values.
3. The fair value of loans from banks and other financial indebtedness, obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.
4. Fair value of available-for-sale instruments and other financial assets held for trading purposes are derived from quoted market prices in active markets, if available. In certain cases, fair value is estimated using an appropriate valuation technique.

Fair value measurements recognised in the statement of financial position

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

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	3,293	-	-	3,293
Available-for-sale financial assets				
Unquoted equities	-	23,890	322	24,212
Quoted equities	2,141	-	-	2,141
Total	**5,434**	**23,890**	**322**	**29,646**

There were no transfers between Level 1 and 2 in the year.

Reconciliation of Level 3 fair value measurements of financial assets:

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**

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

2012	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	4,384	-	-	4,384
Available-for-sale financial assets				
Unquoted equities	-	27,553	343	27,896
Quoted equities	2,878	-	-	2,878
Total	**7,262**	**27,553**	**343**	**35,158**

There were no transfers between Level 1 and 2 in the year.

Reconciliation of Level 3 fair value measurements of financial assets:

2012	Available-for-sale Unquoted Equities	Total
Opening balance	439	439
Total gains or losses:		
- in income statement	36	36
- in other comprehensive income	(52)	(52)
Settlements	(80)	(80)
Transfers out of level 3	-	-
Closing balance	**343**	**343**

33. Subsequent Events

In the month of May 2013, WPCL has refinanced its long term debt facilities, whereby high cost rupee loan of US $ 243,000 has been replaced by low cost External Commercial Borrowing (ECB) of US $ 250,000.

Similarly the first 600 MW unit of KMPCL is synchronised with the grid during May 2013 as well as commissioning of the support infrastructure of the KMPCL project.